

# **MUSINA LOCAL MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

## INDEX

	Page
GENERAL INFORMATION	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF FINANCIAL PERFORMANCE	6
CASH FLOW STATEMENT	7
CHANGES IN NET ASSETS	8
NOTES	
* Note 1 - ACCOUNTING POLICY	9 - 21
* Note 2 - STATUTORY FUNDS & RESERVES	22
* Note 3 - RESERVES	22
* Note 4 - ACCUMULATED (SURPLUS)/DEFICIT	22
* Note 5 - LONG TERM LIABILITIES	23
* Note 6 - CONSUMER DEPOSITS	24
* Note 7 - PROVISIONS	24
* Note 8 - TRADE AND OTHER PAYABLES	24
* Note 9 - UNSPEND CONDITIONAL GRANTS FROM GOVERNMENT	25
* Note 10 - PROPERTY, PLANT & EQUIPMENT	26
* Note 10 A - INTANGIBLE ASSETS	27
* Note 10 B - INVESTMENT PROPERTY	28
* Note 11 - INTANGIBLE ASSETS	29
* Note 12 - INVESTMENTS	30
* Note 13 - NON CURRENT RECEIVABLES	31
* Note 14 - INVENTORY	31
* Note 15 - CONSUMER DEBTORS	32-34
* Note 15A - TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	35
* Note 15B - TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS	35
* Note 16 - OTHER RECEIVABLES	36
* Note 17 - BANK & CASH BALANCES	36-37
* Note 18 - PROPERTY RATES	38
* Note 19 - SERVICE CHARGES	38
* Note 20 - GOVERNMENT SUBSIDIES & GRANTS	39-40
* Note 21 - PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED	40
* Note 22 - EXTERNAL INVESTMENTS	40
* Note 23 - INTEREST OUTSTANDING DEBTORS	40
* Note 24 - OTHER REVENUE	41
* Note 25 - EMPLOYEE RELATED COSTS	41
* Note 26 - REMUNERATION OF COUNCILLORS	42
* Note 27 - FINANCE COST	42
* Note 28 - BULK PURCHASES	42
* Note 29 - GRANT AND SUBSIDIES PAID	42
* Note 30 - GENERAL EXPENSES	43
* Note 31 - CORRECTION OF ERROR	44
* Note 32 - CASH GENERATED FROM/(UTILISED IN) OPERATIONS	45
* Note 33 - UTILISATION OF LONG TERM LIABILITIES RECONCILIATION	45
* Note 34 - CAPITAL COMMITMENTS	46
* Note 35 - ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MFMA 2003	47-48
* Note 36 - CERTIFICATION AND APPROVAL BY THE ACCOUNTING OFFICER	49
* Note 37 - INVESTMENT PROPERTY	50
* Note 38 - CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF	51-52
* Note 39 - CONTINGENT LIABILITIES	53
* Note 40 - CONTINGENT ASSETS	53
* Note 41 - OPERATING LEASES	53
* Note 42 - RELATED PARTY DISCLOSURES	54-55
* Note 43 - INCOME FORGONE	56
* Note 44 - ELECTRICITY AND PRE-PAID POWER CARDS	56
* Note 45 - IRREGULAR EXPENDITURE	56
* Note 46 - PENSION BENEFITS	56-58
* Note 47 - POST RETIREMENT MEDICAL AND BENEFITS	58-59
* APPENDIX A - SCHEDULE OF EXTERNAL LOANS	60
* APPENDIX B - ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	61
* APPENDIX B (1) - INTANGIBLE ASSETS	62
* APPENDIX B (2) - INVESTMENT ASSETS	63
* APPENDIX C - SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	64
* APPENDIX C (1) - INTANGIBLE ASSETS	65
* APPENDIX C (2) - INVESTMENT ASSETS	66
* APPENDIX D - DETAILED SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE	67
* APPENDIX E(1) - ACTUAL OPERATING VERSUS BUDGET	68
* APPENDIX E(1)A - STATEMENT OF COMPARITIVE AND ACTUAL INFORMATION	69
* APPENDIX E(2) - ACTUAL CAPITAL VERSUS BUDGET	70
* APPENDIX F - DISCLOSURE OF GRANTS AND SUBSIDIES	71
* APPENDIX G - DEVIATION FROM PROCUREMENT PROCESSES	72
* ACCOUNTING STANDARD BOARD - DIRECTIVE 4	

## **APPROVAL AND CERTIFICATION**

I am responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 25 and 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**MUNICIPAL MANAGER**  
**A N LURULI**

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**CFO**  
**T MOCKE**

**DATE**

**DATE**

<b>GENERAL INFORMATION</b>
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**COUNCILLORS**

Mayor	C Mahasela
Councillor	S Mlati
Councillor	G Ramushwana
Councillor	GK Sethlako
Councillor	PM Mulaudzi
Councillor	E Pesulo
Councillor	MC Nethavani
Councillor	MS Phiri
Councillor	ES Shirilele
Councillor	J Ellis
Councillor	MM Sithole

**GRADING OF COUNCIL**

Grade 2

**AUDITORS**

Auditor - General

**BANKERS**

ABSA Limited

**REGISTERED OFFICE**

Civic Centre  
21 Irwin Street  
Musina  
0900

Private Bag X611  
Musina  
0900

Telephone number	015 - 534 6100
Fax number	015 - 534 2513

**MUNICIPAL MANAGER**

A.N. LURULI  
HED

**CHIEF FINANCIAL OFFICER**

T. MOCKE  
IDQC (UNISA)  
NQF Level 6 (Wits)  
E-MAIL : MSNAFINANCE@LIMPOPO.CO.ZA

STATEMENT OF FINANCIAL POSITION				
as at				
30 JUNE 2010				
	Note	2010	2009 R	2008 R
<b>NET ASSETS &amp; LIABILITIES</b>				
<b>Net Assets</b>		<b>157 282 592</b>	<b>184 080 254</b>	<b>111 011 652</b>
Revaluation Reserve	3	82 528 503	82 528 503	82 528 503
Accumulated surplus/(deficit)	3 & 4	74 754 089	101 551 751	28 483 149
<b>Non-current liabilities</b>		<b>14 977 006</b>	<b>18 423 855</b>	<b>9 333 047</b>
Long-term liabilities	5	14 977 006	18 423 855	9 333 047
<b>Current liabilities</b>		<b>73 526 205</b>	<b>49 027 352</b>	<b>23 621 112</b>
Consumer deposits	6	2 799 762	1 830 953	1 561 547
Provisions	7	4 514 430	3 403 436	233 875
Trade and other payables	8	50 342 571	34 550 985	14 739 071
SARS	8	2 443 813	1 080 382	1 410 493
Unspent conditional grants and receipts	9	9 004 553	4 955 625	3 773 845
Current portion of long term liabilities	5	4 421 076	3 205 971	1 902 281
<b>Total Net Assets and Liabilities</b>		<b>245 785 803</b>	<b>251 531 460</b>	<b>143 965 810</b>
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>133 832 931</b>	<b>144 034 186</b>	<b>125 294 408</b>
Property, plant & equipment	10	96 332 912	93 998 959	121 160 598
Intangible Assets	10 A	375	562	-
Investment Assets	10 B	35 488 000	49 530 850	-
Investments	12	2 011 645	503 815	4 133 810
<b>Current assets</b>		<b>111 952 872</b>	<b>107 497 275</b>	<b>18 671 401</b>
Inventory	14	85 637 808	91 574 500	2 223 891
Consumer debtors	15	8 304 453	7 410 000	7 011 670
Other receivables	16	16 933 438	7 499 500	5 339 993
Cash and cash equivalents	17	1 077 172	1 013 275	4 095 847
<b>Total Assets</b>		<b>245 785 803</b>	<b>251 531 461</b>	<b>143 965 809</b>

STATEMENT OF FINANCIAL PERFORMANCE				
for the year ended				
30 June 2010				
		Actual		
		2010	2009	2008
			R	R
<b>REVENUE</b>				
	Note			
Property rates	18	9 457 596	8 713 652	6 838 330
Electricity	19	40 362 883	29 200 709	20 757 570
Electricity Unmetered Consumptions	19	695 617	231 263	
Refuse Removal	19	5 016 918	4 232 136	3 910 829
Rental of facilities and equipment		226 443	203 312	191 641
Investment Revenue – external investments	22	-	-	-
Interest earned – outstanding debtors	23	-	-	-
Fines		444 496	445 740	828 950
Licenses and permits		2 343 577	2 281 141	2 200 014
Income for agency services			-	985 502
Revenue unspent grant - Capital		5 496 263	757 353	
Government grants and subsidies received - operating	20	23 424 330	16 965 254	12 943 512
Government grants and subsidies received - capital	20	5 905 737	7 486 868	2 043 290
Other revenue	24	1 044 953	1 048 350	21 981 644
Gain on Non exchange transactions		783 000	92 998 490	-
<b>SUB TOTAL REVENUE</b>		<b>95 201 812</b>	<b>164 564 268</b>	<b>72 681 283</b>
<b>Finance Income</b>				
Investment Revenue – external investments	22	67 228	259 851	549 045
Interest earned – outstanding debtors	23	799 678	1 212 566	1 047 511
<b>TOTAL REVENUE</b>		<b>96 068 717</b>	<b>166 036 685</b>	<b>74 277 838</b>
<b>EXPENDITURE</b>				
Employee related costs	25	25 481 360	23 731 900	20 331 606
Remuneration of councillors	26	2 938 625	2 567 687	2 289 129
Bad debts		58 521	1 901 816	82 519
Collection costs		52 604	1 148 911	321 736
Depreciation		3 670 675	6 100 070	3 492 914
Amortisation		187	138	-
Repairs and maintenance		4 813 936	4 407 467	2 806 528
Bulk purchases Electricity	28	27 992 230	16 578 332	12 752 282
Contributions to Provision for Leave		1 815 076	1 601 483	
Prov Environmental	7	486 927	3 223 928	
Contracted services (Security)		2 711 938	3 154 161	2 573 241
Grants & Subsidies paid	29	3 485 000	1 984 846	
General expenses (including abnormal expenses)	30	19 345 531	23 228 694	17 516 469
Disposal of property, plant and equipment		18 673 852	177 174	-
<b>EXPENDITURE BEFORE FINANCE COST</b>		<b>111 526 462</b>	<b>89 806 606</b>	<b>62 166 425</b>
<b>FINANCE COST</b>				
Interest paid	27	2 074 879	1 673 174	1 186 125
<b>TOTAL EXPENDITURE</b>		<b>113 601 341</b>	<b>91 479 780</b>	<b>63 352 550</b>
<b>Surplus/(deficit) for the year</b>		<b>(17 532 624)</b>	<b>74 556 905</b>	<b>10 925 288</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(17 532 624)</b>	<b>74 556 905</b>	<b>10 925 288</b>

**CASH FLOW STATEMENT**for the year ended  
**30 JUNE 2010**

Note	2010	2009 R	2008 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and others	93 723 195	70 168 759	73 677 133
Cash paid to suppliers and employees	(86 821 225)	(76 801 998)	(63 663 825)
<b>Cash generated from / (utilized in) operations</b>	<b>32 6 901 970</b>	<b>(6 633 239)</b>	<b>10 013 309</b>
Interest received	866 906	1 472 417	549 045
Interest paid	(2 074 879)	(1 673 174)	(1 186 125)
<b>Net cash from operating activities</b>	<b>5 693 997</b>	<b>(6 833 995)</b>	<b>9 376 228</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Purchase of property, plant and equipment	(10 824 437)	(21 597 013)	(7 516 486)
Proceeds on disposal of property, plant and equipment	-	-	-
(Increase)/decrease in non-current receivables	-	-	-
(Increase)/decrease in non-current investments	-	-	-
(Increase)/decrease in current investments	-	-	-
<b>Net cash from investment activities</b>	<b>(10 824 437)</b>	<b>(21 597 013)</b>	<b>(7 516 486)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long term loans/lease	(2 231 744)	10 394 498	1 902 281
Increase/(decrease) in deposits	968 808	269 406	233 982
(Increase)/decrease in investments	-	-	(2 143 803)
(Increase)/decrease in creditors	1 513 890	12 336 995	-
(Increase)/decrease in debtors	894 453	1 165 757	-
(Increase)/decrease in Unspent conditional Grants and Receipts	4 048 928	1 181 780	-
<b>Net cash from financing activities</b>	<b>5 194 336</b>	<b>25 348 436</b>	<b>(7 540)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>63 896</b>	<b>(3 082 572)</b>	<b>1 852 202</b>
Cash and cash equivalents at beginning of the year	1 013 275	4 095 847	2 243 646
Cash and cash equivalents at end of the year	17 1 077 172	1 013 275	4 095 847

**STATEMENT OF CHANGES IN NET ASSETS**

for the year ended 30 June 2010

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
<b>2008</b>			
<b>Opening balance</b>	-	<b>16 257 460</b>	<b>16 257 460</b>
Pre GAMAP Funds and Reserves	-	1 023 150	1 023 150
Government Grant Reserve	-	3 439 197	3 439 197
Donation & Public Contribution Reserve	-	640	640
<b>Restated balance</b>	-	<b>20 720 447</b>	<b>20 720 447</b>
Net surplus for the year		10 925 289	10 925 289
Funds and reserves		(1 023 150)	(1 023 150)
Appropriation		(1 983 188)	(1 983 188)
Difference in nett assets and invesetment in Zelpy		(199 737)	(199 737)
Adjustment jnl 203853 & 203955		43 485	43 485
Revaluation of land	82 528 503	-	82 528 503
Offsetting of depreciation		-	-
<b>Balance at 30 June 2008</b>	<b>82 528 503</b>	<b>28 483 146</b>	<b>111 011 649</b>
<b>2009</b>			
Correction of error	-	-	-
Changes in accounting estimate	-	-	-
<b>Restated balance</b>	<b>82 528 503</b>	<b>28 483 146</b>	<b>111 011 649</b>
Net surplus for the year	-	74 556 905	74 556 905
Corrections prior year (note 31)	-	(1 488 299)	(1 488 299)
Capital grants used to purchase PPE	-	7 237 306	7 237 306
Transfer to accumulated surplus Capital grants used to purchase PPE	-	(7 237 306)	(7 237 306)
<b>Balance at 30 June 2009</b>	<b>82 528 503</b>	<b>101 551 754</b>	<b>184 080 256</b>

<b>2010</b>			
Correction of error	-	-	-
Changes in accounting estimate	-	-	-
<b>Restated balance</b>	<b>82 528 503</b>	<b>101 551 754</b>	<b>184 080 256</b>
Net surplus for the year	-	(17 532 624)	(17 532 624)
Corrections prior year (note 31)	-	1 030 163	1 030 163
Property, plant and equipment purchased	-	-	-
Capital grants used to purchase PPE	-	7 346 793	7 346 793
Stock stands	-	(6 240 000)	(6 240 000)
Government Grant transfer to reserve	-	(6 461 740)	(6 461 740)
Unspend Grant amount transfer to Liability	-	(4 940 260)	(4 940 260)
Transfer to Housing Development Fund	-	-	-
Offsetting of depreciation	-	-	-
<b>Balance at 30 June 2010</b>	<b>82 528 503</b>	<b>74 754 089</b>	<b>157 282 592</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**1 ACCOUNTING POLICY**

**1.01 OBJECTIVE**

The objective of the annual financial statements is to be a source of information on the financial position, performance and changes in financial status of the Musina Local Municipality and demonstrates accountability useful to a wide range of users in making economic or political decisions.

**1.02 BASIS OF PRESENTATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notices 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1: Presentation of financial statements.

GRAP 2: Cash flow statements.

GRAP 3: Accounting policies, changes in accounting estimates and errors.

GAMAP 4: Effects of changes in foreign exchange rates.

GAMAP 6: Consolidated financial statements and accounting for controlled entities.

GAMAP 9: Revenue.

GAMAP 7: Accounting for investments in associates.

GAMAP 8: Financial reporting of interests in joint ventures.

GAMAP 12: Inventories.

GAMAP 17: Property, plant and equipment.

GAMAP 19: Provisions, contingent liabilities and contingent assets.

GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards related to the municipality's separate financial statements.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and/or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements, except for IAS 19 / AC 116. An application for deviating from Gazette 30013 of 29 June 2007 to fully comply with IAS 19 / AC 116 for the 2006/2007 financial year was granted by National Treasury.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2010**

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

**1.03 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

**1.04 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.05 RESERVES**

All reserves are included under the Accumulated surplus in the Statement of Financial Position.

**1.06 PROPERTY, PLANT & EQUIPMENT**

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost. Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Such assets are financed either by external loans, capital replacement reserve, government grants and contributions and donations.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Any trade discounts and rebates are deducted in arriving at the purchase price.

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation cost.
- Professional fees.
- Estimated cost of dismantling the asset.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition.

Incomplete construction work is stated at historical cost and depreciated only when the asset is commissioned into use, and are accounted for in accordance with the exemptions in terms of Directive 4.

**NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2010**

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**Residual value**

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

**Depreciation**

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

The depreciation rate on an asset will change when the useful life is extended.

	<b><u>Years</u></b>
<b>Infrastructure Assets</b>	
Roads, pavements, bridges and storm water	10
Street names, signs and parking meters	5
Car parks, bus terminals and taxi ranks	20
Electricity reticulation	25
Electricity meters	10
Housing	30
Street lighting	25
Refuse sites	30
<b>Community Assets</b>	
Parks and gardens	30
Sport fields	30
Community halls	30
Libraries	30
Recreation facilities	30
Clinics	30
Fire services	30
Cemeteries	30
<b>Other Assets</b>	
Motor vehicles	5
Plant and equipment	5
Security measures	3
Buildings	30
IT equipment	3
Office equipment	5

Land is not depreciated as it is regarded as having an infinite life.

**Accounting policy for 2009/2010 financial year**

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods gets adjusted.

**Accounting policy for 2009/2010 financial year**

The useful life or depreciation method for items of property, plant and equipment that have been recognised was not reviewed as permitted in terms of Directive 4.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**Impairment**

**Accounting policy for 2009/2010 financial year**

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except where the impairment reverses a previous revaluation.

Where the carrying amount of an item of property, plant and equipment is larger than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

**Accounting policy for 2009/2010 financial year**

The testing for and impairing of any items of property, plant and equipment were not accounted for as permitted in terms of Directive 4

**Heritage assets**

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

**Disposal of property, plant and equipment**

- The book values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

**REVALUATION OF LAND**

Investment property is valued once every three years using the net rental value method. The valuations are prepared considering the aggregate of the net annual rent receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flow is then applied to the net annual rentals to arrive at the property valuation.

The revaluation is carried out by an independent valuer.

**1.07 INTANGIBLE ASSETS**

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over their useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use of by the municipality. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2010**

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation methods are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Accounting policy for the 2009/2010 financial year

Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised as permitted in terms of Derivative 4. All other cost incurred on intangible assets during the exemption period has been expensed.

**1.08 INVESTMENT PROPERTY**

Investment property as property (land or a building or part of a building or both) held to earn rentals or capital appreciation is stated at cost. Where an investment property is acquired at no cost, or for a nominal cost, its cost is recognised at its fair value as at the date of acquisition.

Depreciation is calculated on cost, using the straight-line method over the useful life of the property.

Accounting policy for 2009/2010 financial year

The process for identifying investment property had not been finalised and items that may meet the definition was accounted for in terms of GAMAP 17 under property, plant and equipment as permitted in terms of Directive 4.

**1.09 FINANCIAL INSTRUMENTS**

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables. Financial instruments are accounted for in accordance with the exemptions in terms of Directive 4.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets.

Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Loans and receivables are recognised initially at cost which represents fair value.

Accounts receivable

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2010**

Trade and other receivables are recognised initially at cost which represents fair value.

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

Bad debts are written off during the year in which they are identified as irrecoverable.

**Financial liabilities**

Financial liabilities are recognised initially at cost which represents fair value.

**Investments held-to-maturity**

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

**Leases**

Property, plant and equipment subjected to finance lease agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised according to actual cash outflows as per the lease contract as permitted in terms of Directive 4. There is no existence and terms of renewal or purchase options and escalation clauses in the contract

**1.10 INVENTORY**

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is on the first in first out basis and net realisable value.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at market value.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

Immovable capital assets which falls under the inventory/stock accounted as such.

**1.11 TRADE CREDITORS**

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Accounting policy for the 2009/2010 financial year

Trade creditors are recognise initially at cost price as permitted in terms of Directive 4.

**1.12 REVENUE RECOGNITION**

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or services potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariffs or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses that are recoverable.

Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Finance income from sold housing by way of instalment sales agreements is recognised on a time proportion basis.

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2010**

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Rates, including collection charges and penalty interest

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

The Musina Local Municipality uses a site and improvement value assessment rate system. According to this assessment rates are levied on the land and improvement value of properties and rebates are granted according to the usage of a particular property.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Service charges

Flat rate service charges and consumption-based service charges shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs and are levied monthly, as approved by Vhembe District Municipality.

Fines



**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2010**

Revenue from the issuing of fines is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. An estimate should be made for the revenue amount on spot fines and summons based on past experiences. Where a reliable estimate can not be made on revenue from summons and spot fines the revenue of summons should be recognised when the public prosecutor pays over to the entity the cash actually collected on summons issued.

**Government Grants**

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

**Other grants and donations received**

Other grants and donations shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

**Levies**

Levies shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

Interest, royalties and dividends

Revenue arising from the use of assets by others of the municipal assets yielding interest royalties and dividends shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties shall be recognised as they are earned in accordance with the substance of the relevant agreement; and

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

Accounting policy for the 2009/2010 financial year

Revenue are initially recognised at cost as permitted in terms of Directive 4.

**1.13 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Bad provision are not accounted for under IAS39 and thus that was not tested for impairment in terms of Directive 4.

**1.14 CONTINGENT ASSETS**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent assets are not recognised as assets.

**1.15 CONTINGENT LIABILITIES**

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

### 1.16 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is raised.

### 1.17 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

### 1.18 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.19 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.20 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.21 COMPARATIVE INFORMATION

**NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2010**

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**1.22 RETIREMENT BENEFITS**

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund
- National fund for Municipal workers

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

- a) Defined contribution plans  
Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.  
Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.
- b) Post employment medical care benefits  
The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.  
Post employment medical care benefits are accounted for in accordance with the exemptions in terms of Directive 4.

**1.23 BORROWING COSTS**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

**1.24 CONSUMER DEPOSITS**

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to an average consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

**1.25 EVENTS AFTER BALANCE SHEET DATE**

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

**1.26 VALUE ADDED TAX**

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

The municipality accounts for Value Added Tax on the cash basis.

**1.27 TAXATION**

The Musina Local Municipality are exempted from tax in terms of Section 10(1)cB(i)(ff) of the Income Tax Act.

**1.28 KEY ASSUMPTIONS**

There are no key assumptions concerning the future and other uncertainty on the reporting date that have a significant risk of causing material adjustments in subsequent for future financial years

**1.29 RELATED PARTY DISCLOSURE**

Zelpy 1903 (Pty) Ltd is a entity of the Municipality and the municipality is the only share holder

The municipality funded the entity with loan which was paid to the entity on a monthly basis

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2010			
	2010	2009 R	2008 R
<b>2. STATUTORY FUNDS &amp; RESERVES</b>		-	-
<b>* Statutory Funds</b>		-	-
Balance at beginning of the year - Statutory Funds		-	202 389
- Written to accumulated surplus/(deficit)		-	(202 389)
<b>* Reserves</b>		-	-
Balance at beginning of the year - Reserves		-	(1 225 539)
- Transferred to Creditors		-	1 225 539
- Written to accumulated surplus/(deficit)		-	-
<b>3. RESERVES</b>	<b>62 401 164</b>	<b>69 747 957</b>	<b>76 985 264</b>
<b>Government Grants Reserve (utilized)</b>	<b>(20 127 019)</b>	<b>(12 780 226)</b>	<b>(5 542 919)</b>
Balance at beginning of the year	(12 780 226)	(5 542 919)	(3 439 197)
2008-09 grants (MIG and INEP) transferred from acc. Surplus	(7 346 793)	(7 237 307)	(2 130 502)
Offsetting of depreciation		-	26 780
Disposal			
Correction of error			
<b>Donations and Public Contribution Reserve (utilized)</b>	<b>(320)</b>	<b>(320)</b>	<b>(320)</b>
Balance at beginning of the year	(320)	(320)	(640)
Donated/contributed PPE		-	320
Offsetting of depreciation		-	
Correction of error			
Disposals			
<b>Revaluation Reserve</b>	<b>82 528 503</b>	<b>82 528 503</b>	<b>82 528 503</b>
Balance at beginning of the year	82 528 503	82 528 503	-
Donated/contributed PPE		-	82 528 503
Offsetting of depreciation		-	-
Correction of error		-	-
Disposals		-	-
<b>4. ACCUMULATED (SURPLUS)/DEFICIT</b>			
<b>Accumulated (surplus)/Deficit: beginning of year</b>	<b>88 771 205</b>	<b>22 939 909</b>	<b>16 257 459</b>
Operating (surplus)/deficit for the year	(17 532 624)	74 556 904	10 925 274
Prior year adjustment	1 030 169	(8 725 608)	(4 242 823)
Stock stands	(6 240 000)	-	-
Government Grant transfer to reserve	(6 461 740)	-	-
Unspent Grant amount transfer to Liability	(4 940 260)	-	-
<b>Sub Accumulated surplus: end of year</b>	<b>54 626 751</b>	<b>88 771 205</b>	<b>22 939 909</b>
Government Grant Reserve	20 127 019	12 780 226	(5 542 919)
Donations and Public Contribution Reserve (utilized)	320	320	(320)
<b>Accumulated surplus: end of year</b>	<b>74 754 090</b>	<b>101 551 751</b>	<b>17 396 670</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**5. LONG TERM LIABILITIES**

Annuity loans  
 Lease Liability  
**Sub-Total**

18 544 962  
 853 120  
**19 398 082**

19 439 547  
 2 190 279  
**21 629 826**

8 998 646  
 2 236 682  
**11 235 328**

Less: Current portion transferred to current liabilities

(4 421 076)

(3 205 971)

(1 902 281)

**Total External Loans**

**14 977 006**

**18 423 855**

**9 333 047**

Refer to Appendix A for more detail on long term liabilities.

**Finance Lease Liability**

Monthly instalments of R106,569 each are payable on the last day of each month. Interest is payable at 15% per annum. The final instalment is payable on 08/03/2011. The agreement does not provide for contingent rental payments.

Reconciliation between the total minimum lease payments and their present value

	1 year	1-5 years	More than 5 years	Total
	R	R	R	R
2010				
Minimum lease payments	903 450	-		903 450
Finance cost	50 330	-		50 330
Present value	<u>853 120</u>	<u>-</u>	<u>-</u>	<u>853 120</u>
2009				
Minimum lease payments	1 249 489	832 993		2 082 482
Finance Cost	211 149	46 405		257 554
Present value	<u>1 038 340</u>	<u>786 588</u>		<u>1 824 928</u>
Correction	163 503	201 848		365 351
Present value	<u>1 201 843</u>	<u>988 436</u>	<u>-</u>	<u>2 190 279</u>

Medium and Low municipalities are not required to recognise finance lease liabilities if GRAP 17 has not been complied with. However, information about financial lease liabilities relating to assets that have not been recognised in the Municipality's financial statements must be disclosed in accordance with GRAP 13.

**Post-employment benefits**

Medical care benefits

-

-

NOTES TO THE FINANCIAL STATEMENTS			
30 JUNE 2010			
<b>6. CONSUMER DEPOSITS</b>			
Opening Balance			
Opening Balance	1 830 953	1 561 547	
Electricity	665 485	-	1 063 238
Other	303 323	269 406	498 309
<b>Total consumer deposits</b>	<b>2 799 762</b>	<b>1 830 953</b>	<b>1 561 547</b>
<b>Guarantees held in lieu of electricity deposits</b>	<b>1 175 630</b>	<b>733 694</b>	<b>659 156</b>
<b>7. PROVISIONS</b>			
	<b>(4 514 430)</b>	<b>(3 403 436)</b>	<b>(233 875)</b>
<b>Sundry Debtors &amp; Environmental</b>	<b>(4 514 430)</b>	<b>(3 403 436)</b>	<b>(233 875)</b>
Balance at beginning of year	(3 403 436)	(233 875)	(31 895)
Environmental	(486 927)	(3 223 928)	(201 980)
Sundry Debtors	(624 068)		
Expenditure incurred	-	54 367	-
<b>8. TRADE AND OTHER PAYABLES</b>			
Trade Creditors	1 934 063	1 077 521	159 269
Amounts received in advance : Consumer Debtors	1 246 321	1 435 771	1 234 471
Prepaid Electricity	333 757	169 682	295 466
creditors provision	22 766 940	13 896 023	3 329 083
Retention solid waste	54 587	54 587	54 587
Skills Development	-	-	27 466
Pro-rata bonuses	-	-	19 325
Other	135 450	119 176	121 145
Leave	4 177 540	2 800 590	2 202 806
Performance Bonuses Managers	0	0	450 000
Vhembe billing 04 - 07	17 565 106	12 345 265	5 200 457
Retention Municipal Building Phase 2	211 414	211 414	211 414
Retention community hall	351 611	351 611	
Retention workshop	132 203	655 765	
Public Transport Limp province	1 433 580	1 433 580	1 433 580
<b>Sub Total creditors</b>	<b>50 342 571</b>	<b>34 550 985</b>	<b>14 739 071</b>
<b>SARS - VAT</b>	<b>2 443 813</b>	<b>1 080 382</b>	<b>1 410 493</b>
<b>Total creditors</b>	<b>52 786 383</b>	<b>35 631 366</b>	<b>16 149 563</b>
Creditors are recognised at cost and no interest was recognised as a result of any time value of money adjustments as permitted per directive 4			



**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**9. UNSPEND CONDITIONAL GRANTS FROM GOVERNMENT**

Departmental grant	318 236	318 236	318 236
Transitional grant	-	-	70 051
Transitional grant	-	-	95 581
Lotto	435 955	435 955	833 000
Lotto	-	15 000	15 043
Lotto	47 324	82 600	82 600
Local government transitional grant	67 382	67 382	247 014
Municipal infrastructure grant	7 535 657	4 036 452	2 112 320
Integrated national electricity programme	600 000		-
<b>Total conditional grants and receipts</b>	<b>9 004 553</b>	<b>4 955 625</b>	<b>3 773 845</b>

See note 20 for reconciliation of grants. Funds is committed to projects. Some of projects was completed in 2009/2010. The funds still need to be paid, e.g. Retention money.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**10. PROPERTY, PLANT & EQUIPMENT****Reconciliation of Carrying Value****Carrying values at 1 July 2009**

	Infrastructure	Land and Buildings	Other Assets	Housing Development Fund	Total
R	R	R	R	R	R
-	<b>14 522 332</b>	<b>72 133 371</b>	<b>7 343 257</b>	-	<b>93 998 961</b>
Cost	26 358 573	77 263 592	16 349 702		119 971 867
Accumulated depreciation – cost	(11 836 241)	(5 130 221)	(9 006 445)		(25 972 907)
Acquisitions	2 175 148	2 221 490	(449 746)	-	3 946 892
Reconstruction		783 000	-		783 000
Capital under construction		-	-	-	-
Depreciation – based on cost	(920 083)	<b>(993 602)</b>	<b>(1 756 989)</b>		(3 670 675)
Carrying value of disposals	-	4 626 370	4 632	-	4 631 002
Cost	-	4 626 370	4 632	-	4 631 002
Accumulated depreciation	-	-	-	-	-
<b>Carrying values at 30 June 2010</b>	<b>15 777 396</b>	<b>75 423 626</b>	<b>5 131 890</b>	-	<b>96 332 912</b>
Cost	28 533 720	81 547 449	15 895 324	-	125 976 494
Accumulated depreciation – cost	(12 756 324)	(6 123 823)	(10 763 434)	-	(29 643 582)

**Reconciliation of Carrying Value****Carrying values at 1 July 2008**

-	<b>11 999 015</b>	102 634 963	<b>6 526 620</b>	-	<b>121 160 598</b>
Cost	22 000 502	109 589 555	12 092 288		143 682 345
Accumulated depreciation – cost	(10 001 487)	(6 954 592)	(5 565 668)		(22 521 747)
Acquisitions	-	-	-	-	-
Capital under construction	-	-	-	-	-
Depreciation – based on cost	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2009</b>	<b>14 522 332</b>	<b>72 133 371</b>	<b>7 343 257</b>	-	<b>93 998 961</b>
Cost	26 358 573	77 263 592	16 349 702	-	119 971 867
Accumulated depreciation – cost	(11 836 241)	(5 130 221)	(9 006 445)	-	(25 972 907)

The Municipality has taken advantage of the transitional provisions set out in Directive 4. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2010.

## 10a INTANGIBLE ASSETS

	Servitudes R	Computer software R	Rights R	STATE R	STATE R	Total R
<b>Carrying values at 1 July 2009</b>	-	562	-	-	-	562
Cost	-	-	-	-	-	-
Accumulated amortisation	-	-	-	-	-	-
Acquisitions - Internally developed	-	-	-	-	-	-
Acquisitions - externally	-	-	-	-	-	-
Acquisitions - Business combinations	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-	-
Amortisation	-	(187)	-	-	-	(187)
Classified as held for sale	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated amortisation	-	-	-	-	-	-
<b>Carrying values at 30 June 2010</b>	-	375	-	-	-	375
Cost	-	700	-	-	-	700
Accumulated amortisation	-	(325)	-	-	-	(325)

<b>Carrying values at 1 July 2008</b>	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated amortisation – cost	-	-	-	-	-	-
Acquisitions - Internally developed	-	-	-	-	-	-
Acquisitions - externally	-	-	-	-	-	-
Acquisitions - Business combinations	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated amortisation	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated amortisation	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**10b INVESTMENT PROPERTY**

**Carrying values at 1  
July 2009**

Cost  
Accumulated  
depreciation - cost  
Depreciation - based on  
cost

Carrying value of  
disposals

Cost  
Accumulated  
depreciation  
**Carrying values at 30  
June 2010**

Cost  
Accumulated  
depreciation - cost  
Carrying value of  
disposals

R	LAND R	R	R	R	Total R
-	49 530 850	-	-	-	49 530 850
-	49 530 850	-	-	-	49 530 850
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	35 488 000	-	-	-	35 488 000
-	35 488 000	-	-	-	35 488 000
-	-	-	-	-	-
-	14 042 850	-	-	-	14 042 850

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
<b>11. INTANGIBLE ASSETS</b>			
The municipality recognized intangible assets as follows:			
	<b>R</b>	<b>R</b>	
Promis	54	100	
Corvu Business	54	100	
Promis Expenditure ver 7.2B			
Promis Income ver 7.5C			
Progress Enterprise			
Progress Query Results			
Conlog ver 1.9.2	54	100	
Elster Kent : Cash flow ver 2.2	54	100	
Data Tech: supplier database	54	100	
Cashfocus			
Payday ver 2.7	54	100	
Contract System	54	100	
ESET NOD32 Antivirus 2.7 & 3.0 (Business Edition) incl RA 97 0			
ESET NOD32 Antivirus for Microsoft Exchange 91 0			
CAT Route Manager			
	<u>375</u>	<u>700</u>	
The municipality has taken advantage of the exemption in directive 4 on the measurement of intangible assets.			

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010 R	2009 R	2008 R
<b>12. INVESTMENTS</b>			
<b>Short Term Fixed Deposits</b>	-	-	-
ABSA Bank		-	-
First National Bank		-	-
Investec Bank			-
Nedbank		-	
<b>Long Term Fixed Deposits</b>	<b>1 507 829</b>	-	-
ABSA Bank	1 507 829		
<b>Shares</b>	<b>503 815</b>	<b>503 815</b>	<b>4 133 810</b>
<b>Opening Balance</b>	<b>503 815</b>	<b>4 133 810</b>	<b>2 101 797</b>
- Zelpy Pty (Ltd) - Shares		100	-
- Zelpy Pty (Ltd) - Premium		503 715	<b>2 032 013</b>
<b>Total Investments</b>	<b>2 011 644</b>	<b>503 815</b>	<b>4 133 810</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>13. NON CURRENT RECEIVABLES</b>			
Arrangements for payments on debtors accounts	642 297		-
Traffic Fines	92 693		-
			-
<b>Sub-total</b>	<b>734 991</b>	<b>-</b>	<b>-</b>
Less: current portion transferred to current receivables	250 808	-	-
	250 808		-
			-
			-
<b>Total long term receivables</b>		<b>-</b>	<b>-</b>

  

	<b>2 010</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>14. INVENTORY</b>			
Consumable stock	1 601 226	1 297 918	1 113 843
Unsold Municipal land	84 036 582	90 276 582	1 110 048
<b>Total</b>	<b>85 637 808</b>	<b>91 574 500</b>	<b>2 223 891</b>
	-	-	-

Musina local Municipality classified these stands according to GRAP 12, GRAP 17 and National Treasury Guideline on GRAP 12

GRAP 12 Par 16 states that "Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition,"

According to National Treasury Guideline on GRAP 12 - Inventories, Example 6 (If a municipality has the intention to develop land and sell it to a third party, and it is probable that this event will occur within the short term (one year), the cost of development should be classified as inventories rather than fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**15. DEBTORS**

	Gross Balance	Provision for Bad Debt	Net Balance
	R	R	R
<b>30 June 2010</b>			
Service debtors:	<b>14 607 863.30</b>	<b>5 057 108.74</b>	<b>9 550 754.57</b>
Property rates	6 308 002.10	1 773 863.26	4 534 138.84
Electricity	1 464 942.95	782 867.01	682 075.95
Refuse	4 168 583.78	1 861 493.78	2 307 090.00
Other	2 666 334.47	638 884.69	2 027 449.78
Sundry Debtors	-	-	-
Advanced Payments	(1 246 321.20)	-	(1 246 321.20)
Roundings	20.00	-	20.00
<b>Total</b>	<b>13 361 562.10</b>	<b>5 057 108.74</b>	<b>8 304 453.37</b>
<b>Contribution to bad debt provision</b>			
<b>Debt written off for the year</b>			195 338.84
Property rates			14 245.20
Electricity			3 081.83
Water			39 960.78
Sewerage			41 493.81
Refuse			68 845.00
Other			27 712.22
<b>30 June 2009</b>			
Service debtors:	<b>12 579 830.57</b>	<b>5 170 558.10</b>	<b>7 409 272.48</b>
Property rates	4 591 570.97	1 754 417.94	2 837 153.04
Electricity	1 052 842.79	619 191.17	433 651.63
Refuse	4 074 717.38	1 825 878.93	2 248 838.46
Other	2 860 699.43	971 070.07	1 889 629.36
Sundry Debtors	-	-	-
Correction vote	727.53	-	727.53
Other	-	-	-
<b>Total</b>	<b>12 580 558.10</b>	<b>5 170 558.10</b>	<b>7 410 000.01</b>
<b>Contribution to bad debt provision</b>			
<b>Debt written off for the year</b>			1 768 264.57
Property rates			83 525.29
Electricity			-
Water			-
Sewerage			-
Refuse			262 116.13
Other			1 422 623.15
<b>30 June 2008</b>			
Service debtors:	<b>12 906 878.73</b>	<b>5 651 075.17</b>	<b>7 255 803.56</b>
Property rates	3 363 756.36	1 296 026.41	2 067 729.95
Electricity	1 080 370.05	241 267.23	839 102.82
Refuse	4 268 957.41	1 881 259.96	2 387 697.45
Other	4 193 794.91	2 232 521.57	1 961 273.34
Advanced payments	(58 890.41)	-	(58 890.41)
Correction vote	(185 243.10)	-	(185 243.10)
Other	-	-	-
<b>Total</b>	<b>12 662 745.22</b>	<b>5 651 075.17</b>	<b>7 011 670.05</b>
<b>Contribution to bad debt provision</b>			
<b>Debt written off for the year</b>			351 104.00
Property rates			42 405.00
Electricity			3 142.00
Water			101 738.00
Sewerage			40 968.00
Refuse			53 454.00
Other			109 397.00



## NOTES TO THE FINANCIAL STATEMENTS

	2010 R	2009 R
Property Rates		
Current (0-30 days)	135 719.50	94 379.87
31-60 days	560 151.80	409 437.15
61-90 days	362 610.50	348 459.04
91-120 days	224 648.00	230 459.04
121-150+ days	5 024 872.30	3 508 835.87
Advanced Payments	-	-
<b>Sub-total</b>	<b>6 308 002.10</b>	<b>4 591 570.97</b>
Services - Elec		
Current (0-30 days)	67 244.36	64 393.05
31-60 days	285 281.77	197 034.49
61-90 days	200 004.56	102 213.69
91-120 days	118 833.54	69 493.67
121-150+ days	793 578.72	619 707.89
Advanced Payments	-	-
<b>Sub-total</b>	<b>1 464 942.95</b>	<b>1 052 842.79</b>
Refuse		
Current (0-30 days)	16 141.1	18 758.60
31-60 days	158 630.5	164 894.16
61-90 days	142 528.7	124 792.40
91-120 days	122 737.4	114 508.53
121-150+ days	3 728 546.0	3 651 763.69
Advanced Payments	-	-
<b>Sub-total</b>	<b>4 168 583.8</b>	<b>4 074 717.38</b>
Property Rental		
Current (0-30 days)	5 558.21	1 817.26
31-60 days	7 065.19	41 785.14
61-90 days	6 854.60	5 275.51
91-120 days	6 622.32	5 305.40
121-150+ days	143 075.34	125 209.45
Advanced Payments	-	-
<b>Sub-total</b>	<b>169 175.66</b>	<b>179 392.76</b>
Loans		
Current (0-30 days)	87.72	120.61
31-60 days	144.86	189.36
61-90 days	143.97	189.35
91-120 days	143.97	183.11
121-150+ days	177 502.65	189 056.72
Advanced Payments	-	-
<b>Sub-total</b>	<b>178 023.17</b>	<b>189 739.15</b>
Legal Fees		
Current (0-30 days)	-	-
31-60 days	-	-
61-90 days	-	-
91-120 days	-	-
121-150+ days	55 230.52	71 165.49
Advanced Payments	-	-
<b>Sub-total</b>	<b>55 230.52</b>	<b>71 165.49</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2010	2009
	R	R
Sundry Debtors		
Current (0-30 days)	10.00	13.76
31-60 days	10.00	13.76
61-90 days	10.00	13.76
91-120 days	10.00	13.76
121-150+ days	4 470.47	1 404.22
Advanced Payments	-	-
<b>Sub-total</b>	<b>4 510.47</b>	<b>1 459.26</b>
Other		
Current (0-30 days)	301 409.20	75 670.32
31-60 days	12 047.33	5 308.88
61-90 days	246 051.46	4 568.48
91-120 days	4 443.14	159 422.24
121-150 days	1 695 443.52	2 173 972.85
Advanced Payments	-	-
<b>Sub-total</b>	<b>2 259 394.65</b>	<b>2 418 942.77</b>
<b>Total consumer debtors</b>	<b>14 607 863.30</b>	<b>12 579 830.57</b>
Made up as follows:		
Current (0-30 days)	526 170.07	255 153.47
31-60 days	1 023 331.48	818 662.94
61-90 days	958 203.81	585 512.23
91-120 days	477 438.38	579 385.75
121-150 days	11 622 719.56	10 341 116.18
Advanced Payments	-	-
<b>Total</b>	<b>14 607 863.30</b>	<b>12 579 830.57</b>
Advanced payments	(1 246 321.20)	
Correction vote	-	757.53
	<b>13 361 542.10</b>	<b>12 580 588.10</b>

Debtors are recognised at cost as permitted in terms of derective 4

## DEBTORS BY CONSUMER CLASSIFICATION

Sundry Debtors	523 460.72	4 444 442.44
Agricultural	2 991 380.34	1 853 103.39
Business	2 008 345.18	1 068 666.02
Educational	180 449.56	-
Industrial	438 476.80	281 858.48
Mine	-	306.94
Residential	17 265 461.88	15 129 231.72
Residential 4	123 338.60	69 644.54
Churches	301 520.85	870.90
Special	33 611.06	
State Property	349 126.54	55 576.64
<b>Total</b>	<b>24 215 171.53</b>	<b>22 903 701.07</b>
Advanced payments transfer		(1 579 157.51)
Advanced payments transfer to Vhembe	87 275.07	
Allocated income transfer to Vhembe	(10 940 904.50)	(8 743 955.46)
	<b>13 361 542.10</b>	<b>12 580 588.10</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**15a. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>BALANCE</b>	<b>92 451 799.57</b>	<b>70 082 853.56</b>	<b>49 522 496.24</b>
Property Rates	9 457 596.00	8 713 652.13	6 838 330.17
Electricity	40 362 883.45	29 200 709.39	20 757 570.35
Refuse	5 016 917.64	4 232 136.21	3 910 829.34
Licences and Permits	2 343 576.65	2 281 141.05	2 200 014.21
Fines	444 496.00	445 740.00	828 950.00
Government Grants and Subsidies	34 826 329.83	25 209 474.78	14 986 802.17

**15b. TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>BALANCE</b>	<b>3 616 917.55</b>	<b>95 953 831.72</b>	<b>23 769 839.33</b>
Unmetered Consumption	695 616.60	231 262.92	-
Gain on Non exchange transactions	783 000.00	92 998 490.00	-
Rentals of Facilities	226 442.71	203 311.54	191 640.90
Interest earned - External Investment	67 227.76	259 851.12	549 044.50
Library/Cemetery	112 244.03	106 135.19	92 810.73
Interest earned - Outstanding Debtors	799 677.80	1 212 566.07	1 047 510.51
Seta			56 950.08
Sale of erven	792 062.21	642 677.78	21 728 153.94
IEC Voting Station	13 191.93	-	-
Tenders	18 127.20	-	-
Commission Old Mutual	2 399.22	-	-
Traffic Training	14 819.44	-	-
Funerals		210 885.90	
Clearance Certificates	21 038.45	17 415.57	25 302.05
Building Plans	71 070.20	71 235.63	78 426.62
<b>TOTAL REVENUE</b>	<b>96 068 717.12</b>	<b>166 036 685.28</b>	<b>73 292 335.57</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
		R	R
<b>16. OTHER RECEIVABLES</b>			
Other debtors	1 758	1 758	1 758
Prov doubtful debt - sundry debtors	-	(624 068)	
Sundry debtors	551 966	551 966	511 400
Vhembe District Indigent	1 084 448	709 503	2 313 594
RD Cheques	79 052	77 633	12 613
Vat Receivable	1 961 656	1 155 483	834 955
Vhembe District	9 290 005	5 253 981	1 530 388
Unmetered consumptions	695 617	231 263	
Zelpy3	3 115 660		
Other	153 277	141 981	135 286
<b>Total Other Debtors</b>	<b>16 933 438</b>	<b>7 499 500</b>	<b>5 339 993</b>
<b>Debt written off for the year</b>			
Other debtors are recognised at cost as permitted in terms of directive 4.			
<b>17. BANK &amp; CASH BALANCES</b>			
The municipality has the following bank accounts:			
Absa Bank : Musina			
Account number : 2050550179			
Type : cheque account			
Current account (primary bank account)			
Bank statement balance at beginning of year	1 011 401	716 133.37	1 018 505
Bank statement balance at end of year		-	2 477 951
Cash book balance at beginning of year	1 011 401	716 065.73	1 018 505
Increase/(decrease) in cash book balance	49 135	295 335.20	(302 372)
Cash book balance at end of year	<b>1 060 536</b>	<b>1 011 400.93</b>	<b>716 133</b>
The municipality has the following bank accounts:			
Absa Bank : Musina			
Account number : 4063288025			
Type : cheque account			
Current account (Art & Culture)			
Bank statement balance at beginning of year	1 874	102 380.95	96 486
Bank statement balance at end of year		-	102 400
Cash book balance at beginning of year	1 874	102 380.95	96 486
Increase/(decrease) in cash book balance	(699)	(100 506.56)	5 895
Cash book balance at end of year	<b>1 175</b>	<b>1 874.39</b>	<b>102 380.95</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4065606760

Type : cheque account

Current account (Lotto Nancefield stadium)

Bank statement balance at beginning of year

924 513.85

Bank statement balance at end of year

-

924 562

Cash book balance at beginning of year

-

848 679

Increase/(decrease) in cash book balance

170

-

75 835

Cash book balance at end of year

**170**

-

**924 513.85**

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4067609265

Type : cheque account

Current account (PHP Housing)

Bank statement balance at beginning of year

-

4 241.23

Bank statement balance at end of year

-

4 242

Cash book balance at beginning of year

-

279 976

Increase/(decrease) in cash book balance

3

-

(275 735)

Cash book balance at end of year

**3**

-

**4 241.23**

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4071944207

Type : cheque account

Current account (MIG Grant)

Bank statement balance at beginning of year

8 671

Bank statement balance at end of year

**8 671**

-

**2 348 578.07**

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4073762047

Type : call account

Current account (call account)

Bank statement balance at beginning of year

-

-

Bank statement balance at end of year

54

-

**54**

-

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4074881456

Type : Traffic

Current account (call account)

Bank statement balance at beginning of year

-

-

Bank statement balance at end of year

6 562

-

**6 562**

-

Bank statement balance at beginning of year

1 013 275

4 095 847

2 243 646

Bank statement balance at end of year

**1 077 172**

**1 013 275.32**

**4 095 847.47**

Disclosure in terms of the MFMA, 2003, Section 125(2)(a).

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**18. PROPERTY RATES****REVENUE**

	<b>2009/2010</b>	<b>2008/2009</b>	<b>2007/2008</b>
Residential	4 533 786	4 413 962	3 895 936
Agricultural	2 752 108	2 564 443	1 192 909
Commercial	1 783 100	1 368 167	1 432 991
Industrial	388 601	367 080	316 494
Exempted			
	<b>9 457 596</b>	<b>8 713 652</b>	<b>6 838 330</b>

**VALUATIONS**

	<b>2009/2010</b>	<b>2008/2009</b>	<b>2007/2008</b>
Residential	703 004 700	692 663 610	619 954 200
Business	210 860 600	172 255 000	157 383 000
Right of way	873 740	873 740	1 060 440
Industrial	41 005 000	40 804 000	40 574 000
Government	103 603 000	103 603 000	103 454 000
Public Open Spaces	1 000 000	500 000	800 000
Educational	22 130 000	22 390 000	22 010 000
Municipal	89 977 950	89 548 650	91 057 650
Churches	17 877 000	13 887 000	13 187 000
Institutional	385 000	385 000	-
Special	1 420 000	1 420 000	2 020 000
Entertainment	30 000 000	30 000 000	30 000 000
Agricultural	1 203 621 000	1 210 697 044	1 253 446 000
	<b>2 425 757 990</b>	<b>2 379 027 044</b>	<b>2 334 946 290</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2007. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.008627 is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on state and De Beers property owners, or rates are levied monthly. Interest at prime + 1% per annum are levied on outstanding rates.

**19. SERVICE CHARGES**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
		R	R
Sale of electricity	40 362 883	29 200 709	20 757 570
Unmetered Consumptions	695 617	231 263	-
Refuse removal	5 016 918	4 232 136	3 910 829
<b>Total service charges</b>	<b>46 075 418</b>	<b>33 664 109</b>	<b>24 668 400</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
		R	R
<b>20. GOVERNMENT SUBSIDIES &amp; GRANTS</b>			
<b><i>Operating Grants</i></b>	<b>23 074 330</b>	<b>16 965 254</b>	<b>12 943 512</b>
Equitable share	19 589 330	14 647 254	11 142 512
Provincial health subsidies			
Finance management grant (FMG)	2 750 000	1 250 000	500 000
Local government capacity building grant	-	333 000	567 000
Municipal systems improvement grant (MSIG)	735 000	735 000	734 000
<b><i>Capital Grants</i></b>	<b>5 905 737</b>	<b>7 486 868</b>	<b>2 043 290</b>
Finance management grant (FMG)	-	-	-
Department of provincial and local government (DPLG)	-	-	-
Municipal infrastructural grant (MIG)	5 905 737	4 466 868	2 043 290
Integrated national electrification grant (INEP)	-	3 020 000	-
Vuna Awards	-	-	-
<b>Total Government Grants &amp; Subsidies</b>	<b>28 980 067</b>	<b>24 452 122</b>	<b>14 986 802</b>
<b><i>Equitable Share</i></b>			
This grant is an unconditionally grant and is partially utilized for the provision of indigent support through free basic services.			
<b><i>Finance Management Grant</i></b>			
Balance unspent at beginning of year		-	-
Current year receipts	2 750 000	1 250 000	500 000
Conditions met – transferred to revenue	(2 750 000)	(1 250 000)	(500 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
(see note 8)			
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.			
<b><i>Municipal Systems Improvement Grant</i></b>			
Balance unspent at beginning of year			
Current year receipts	735 000	735 000	734 000
Conditions met – transferred to revenue	(735 000)	(735 000)	(734 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
(see note 8)			
This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.			

NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2010

30 JUNE 2010				
<b>Municipal Infrastructure Grant (MIG)</b>				
Balance unspent at beginning of year	4 036 451	2 112 320	303 596	
Current year receipts	11 402 000	6 391 000	3 852 014	
Conditions met – transferred to revenue	(7 902 796)	(4 466 869)	(2 043 290)	
<b>Unspent amount transferred to liabilities</b>	<b>7 535 655</b>	<b>4 036 451</b>	<b>2 112 320</b>	
(see note 8)				
This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.				
<b>Integrated National Electrification Grant (INEP)</b>				
Current year receipts		3 020 000		
Conditions met – transferred to revenue		(3 020 000)		
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	
(see note 8)				
This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met and no funds have been withheld.				
<b>Department of Provincial and Local Government (DPLG)</b>				
Current year receipts		333 000		567 000
Conditions met – transferred to revenue		(333 000)		(567 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	
(see note 8)				
This grant was used to erect a mini water purification/package plant to provide water in the rural area. The conditions of the grant were met and no funds have been withheld				
<b>DBSA GRANT</b>	<b>350 000</b>			
Humanitarian Relief Grant	350 000			
	<b>2010</b>	<b>2009</b>	<b>2008</b>	
		R	R	
<b>21. PUBLIC CONTRIBUTIONS, DONATED &amp; CONTRIBUTED PROPERTY, PLANT &amp; EQUIPMENT</b>				
Vhembe District Municipality				
National Lottery Distribution Fund				
Other grants				
<b>Total donated property, plant &amp; equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>22. INVESTMENT REVENUE</b>				
<b>EXTERNAL INVESTMENTS</b>	<b>67 228</b>	<b>259 851</b>	<b>549 045</b>	
Current account				
External investments	67 228	259 851	549 045	
<b>23. INTEREST OUTSTANDING DEBTORS</b>	<b>799 678</b>	<b>1 212 566</b>	<b>1 047 511</b>	
Sundry loans				
Services:	799 678	1 212 566	1 047 511	
<b>Total interest earned external investment &amp; outstanding debtors (Nota 22 &amp; 23)</b>	<b>866 906</b>	<b>1 472 417</b>	<b>1 596 555</b>	



**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

<b>24. OTHER REVENUE</b>			
Library/Cemetery	112 244	106 135	92 811
Seta	-	-	56 950
Sale of erven	792 062	642 678	21 728 154
IEC Voting Station	13 192		
Tenders	18 127		
Commision Old Mutual	2 399		
Traffic Training	14 819		
Funerals	-	210 886	0
Clearance Certificates	21 038	17 416	25 302
Building Plans	71 070	71 236	78 427
<b>Total</b>	<b>1 044 953</b>	<b>1 048 350</b>	<b>21 981 644</b>
	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>25. EMPLOYEE RELATED COSTS</b>			
Salaries and wages	21 687 550	20 359 874	16 853 482
Social contributions:	3 793 810	3 372 026	3 478 124
Pension deductions	2 848 138	2 579 424	2 633 439
Medical aid funds	613 159	454 140	467 826
Group insurance	108 205	92 259	104 868
Housing subsidy	71 012	86 926	119 161
Unemployment Insurance Fund	153 296	159 277	152 830
Workmen's compensation		-	-
Less: employee cost capitalized			
Less: employee cost to operating			
<b>Total employee related cost</b>	<b>25 481 360</b>	<b>23 731 900</b>	<b>20 331 606</b>
<b>Remuneration of Managers</b>			
<b>Municipal Manager</b>	<b>932 621</b>	834 772	803 803
Annual remuneration	697 555	592 733	523 025
Allowances	156 000	156 000	162 000
Council Contributions		-	
Performance bonus	79 066	86 039	118 778
<b>Chief Financial Officer</b>	<b>661 571</b>	591 021	565 314
Annual remuneration	515 320	423 305	374 485
Allowances	89 000	106 800	108 000
Council Contributions		-	
Performance bonus	57 251	60 916	82 829
<b>Manager Corporate Services</b>	<b>509 236</b>	514 342	473 469
Annual remuneration	419 236	373 792	323 077
Allowances	90 000	91 200	108 000
Council Contributions		-	
Performance bonus		49 350	42 392
<b>Manager Community Services</b>	<b>536 261</b>	477 798	483 006
Annual remuneration	419 236	356 699	338 406
Allowances	90 000	90 000	108 000
Council Contributions		-	
Performance bonus	27 025	31 099	36 600
<b>Manager Technical Services</b>	<b>540 952</b>	492 645	487 261
Annual remuneration	419 236	356 699	338 406
Allowances	90 000	90 000	108 000
Council Contributions		-	
Performance bonus	31 716	45 946	40 855
<b>Total</b>	<b>3 180 641</b>	<b>2 910 578</b>	<b>2 812 854</b>
During the year performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act Disclosure in terms of the MFMA, 2003, Section 124(1)(c).			

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>26. REMUNERATION OF COUNCILLORS</b>			
Mayor	572 108	534 681	451 952
Mayoral Committee members			-
Chief Whip	433 355	166 689	-
Councillors	1 123 880	1 201 139	1 132 163
Pension fund	335 464	167 597	219 049
Travelling allowances	374 625	398 801	376 845
Cellphone allowances	96 012	98 780	95 292
UIF	3 181	-	13 827
<b>Total councillor's remuneration</b>	<b>2 938 625</b>	<b>2 567 687</b>	<b>2 289 129</b>
<p>The Mayor and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council.</p> <p>The Mayor has use of a Council owned vehicle and driver for official duties.</p> <p>Disclosure in terms of the MFMA, 2003, Section 124(1)(a)</p>			
	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>27. FINANCE COST</b>			
Local government stock		-	-
Annuity loan		-	-
Lease liability		-	-
External loan cost	2 074 879	1 673 174	1 186 125
<b>Total</b>	<b>2 074 879</b>	<b>1 673 174</b>	<b>1 186 125</b>
<b>28. BULK PURCHASES</b>			
Electricity	27 992 230	16 578 332	12 752 282
Water			
<b>Total</b>	<b>27 992 230</b>	<b>16 578 332</b>	<b>12 752 282</b>
Electricity losses	3.70%	2.95%	2.14%
	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>29. GRANT AND SUBSIDIES PAID</b>			
Old Age home		-	54 022
FMG	2 750 000	1 249 846	-
MSIG	735 000	735 000	-
<b>Total</b>	<b>3 485 000</b>	<b>1 984 846</b>	<b>54 022</b>
Disclosure in terms of the MFMA, 2003, Section 123(l)(b).			

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
<b>30. GENERAL EXPENSES</b>			
Capital		-	70 314
Provision Long Service		-	438 143
Advertising	201 634	190 083	221 829
Internal Auditors	1 436 790	761 353	
External Auditors	728 360	630 719	870 003
Bank Admin Fee	355 338	235 827	445 744
Campaign Cleaning	3 325	7 242	63 065
Community Liason	304 405	275 509	871 461
Computer Hardware	20 386		
Conference & Convention	162 407	1 030 627	268 339
Consultance & Professional	3 233 650	3 819 591	3 158 997
Consumable Domestic items	263 974	229 107	227 523
Donations	37 669	400 713	79 762
Entertainment	484 336	734 445	496 053
Foreign Nations		426 839	
Fuel	541 046	630 082	373 174
Funerals	28 317	85 930	8 419
Mayoral excellence award	410 265	881 242	253 478
It Lease	783 340	172 787	105 214
HIV	750		3 226
IDP	27 545	22 650	28 828
Indigent	1 599 038	1 431 061	1 753 940
Insurance	281 874	696 189	647 274
Internal Study	38 091	106 925	48 269
Job Evaluation	2 162		
Legal Fees	140 541	179 632	321 736
Licences	137 191	340 446	209 366
Medical examination	43 763		
Membership fees	278 904	134 405	83 324
Musina Annual Show	575 411	225 453	
Paupers Burials	4 640	33 951	6 430
Postage	106 493	131 101	102 417
Pest Control		2 950	8 026
Printing & Stationary	623 158	555 323	980 896
Production Drivers Cards	376 950	92 861	
Project Farmers		308 213	
Protective Clothing	246 613	357 484	339 454
Rentals	565 819	45 604	51 544
Seta	261 425	315 539	199 376
Special Activities	4 996	1 503	
Subsistance & Travel	2 734 766	2 271 678	2 505 227
Telephone	1 561 832	2 042 923	1 362 059
Tourism		61 514	97 954
Training	272 075	310 502	707 660
Transaction Fees	321 096	268 821	-
Township Establishment	47 274		
Youth Assistance	97 880	117 039	107 944
Zelpy		2 662 831	
		-	-
	<b>19 345 531</b>	<b>23 228 694</b>	<b>17 516 469</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
<b>31. CORRECTION OF ERROR</b>			
The following adjustments were made to correct prior year errors	(1 030 169)	(1 488 299)	-
Incorrect revenue recognition		150 000	-
Prior year Provision for Performance Managers		450 000	-
Correction of Xerox operating lease incorrectly recorded as PPE in 07/08 book year per Jnl 203946.		108 167	-
GRN number 6574 raised to adjust for previous year stocks not delivered.		(200)	-
Prior year correction vat receivable	(443 082)		-
Prior year correction debtors	240 218		-
Prior year correction creditors general	285 000		-
Prior year correction creditors provisions	(562 279)		-
Prior year correction trade creditors	(214 504)		-
Prior year correction foreign transaction stock	31 194		-
Prior year price adj issues	(1 365)		-
Prior year mispost of lease expense		(2 631)	-
Prior year misclassification of operating lease as finance lease		(108 167)	-
Prior year mispost of lease expense	(365 351)	1 413	-
Prior year mispost of expenses to stocks		(1 066 586)	-
Land depreciated in prior year		2 584 133	-
Adjustment for Zelpy in grant incorrectly accountant for as investment		(3 629 994)	-
Prior year understatement of debtors		25 566	-
<b>Nett effect on surplus/deficit for the year</b>	<b>(1 030 169)</b>	<b>(1 488 299)</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
		R	R
<b>32. CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>			
<b>Net surplus for the year</b>	<b>(17 532 623)</b>	<b>74 556 906</b>	<b>10 925 288</b>
Adjustment for			
Depreciation charges	3 670 862	6 100 208	3 492 914
Gain on disposal of property, plant & equipment	(783 000)	(92 998 490)	
Contributions to provisions	1 815 076	1 601 483	201 980
Contributions to bad debt	58 521	1 901 816	82 519
Interest received	(866 906)	(1 472 417)	-
Appropriation			(1 983 188)
Interest paid	2 074 879	1 673 174	1 186 125
Capital Charges		-	70 314
interest outstanding debtors	-	-	
loss on disposal of property plant	18 673 852	177 174	
Electricity Unmetered Consumptions	(695 617)	(231 263)	-
Non-operating income	-	-	233 884
Debtors	-	(1 165 757)	
Environmental	486 927	3 223 927	-
Non-operating expenditure		-	13 360
<b>Operating surplus before working capital changes</b>	<b>6 901 971</b>	<b>(6 633 239)</b>	<b>14 223 197</b>
(Increase)/decrease in inventories	(303 308)	(184 075)	(1 836 392)
(Increase)/decrease in debtors	894 453	398 327	(3 817 550)
(Increase)/decrease in other debtors	9 433 939	(3 407 643)	(1 452 352)
Increase/(decrease) in creditors	(4 713 221)	3 629 278	2 034 955
Increase/(decrease) in deposits	968 808	-	-
Increase/(decrease) in long term loans	(3 446 849)	-	
Increase/ (decrease) in shortterm portion of long term loan	1 215 105	-	
Increase/(decrease) in Unspent conditional Grants and Receipts	(4 048 928)	(435 887)	
Increase/(decrease) in provisions	-	-	-
Increase/(decrease) in Cash and cash equivalents	-	-	
<b>Cash generated by operations</b>	<b>6 901 970</b>	<b>(6 633 239)</b>	<b>9 151 858</b>
	2010	2009	2008
		R	R
<b>33. UTILISATION OF LONG TERM LIABILITIES RECONCILIATION</b>			
Long term liabilities (see note 5)			
Used to finance property, plant and equipment at cost			
<b>Sub-Total</b>		-	
Cash set aside for the repayment of long term liabilities			
Cash set aside for the acquiring of property, plant & equipment			
<b>Cash invested for the repayment of long term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009 R	2008 R
<b>34. CAPITAL COMMITMENTS</b>			
Commitments in respect of capital expenditure:			
<b>Approved and contracted for</b>		-	-
Infrastructure		-	
Community assets		-	
Other assets		-	
<b>Approved but not yet contracted for</b>		-	-
Land and buildings			
Infrastructure			
Community assets			
Other assets			
Specialised vehicles			-
<b>Total</b>	-	-	-
<b>This expenditure will be financed from</b>			
External loans		-	
Own Revenue		-	
Government grants		-	
<b>Total</b>	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009 R	2008 R
<b>35. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>			
<b>Contribution to SALGA</b>			
Council membership fees payable			
Amount paid current year	262 197	130 346	77 301
<b>Balance unpaid (included in creditors)</b>	<b>262 197</b>	<b>130 346</b>	<b>77 301</b>
<b>Audit Fees (Internal &amp; External)</b>			
Current year audit fee			
Amount paid current year	2 165 151	630 719	870 003
Balance unpaid (included in creditors)	1 335 901		
	<b>3 501 052</b>	<b>630 719</b>	<b>870 003</b>
<b>VAT</b>			
<b>Output Tax</b>			
Opening balance			
Closing balance	8 100 971	6 624 164	4 793 221
<b>Input Tax</b>			
Amount payable to SARS	(10 180 280)	(9 053 367)	
Amount paid current year sars	117 654	-	6 811 756
<b>Balance outstanding (to)/from SARS</b>	<b>(1 961 655)</b>	<b>(2 429 203)</b>	<b>(2 018 535)</b>
VAT is payable on the receipt basis. VAT is paid over to SARS once payments are received from debtors. VAT input receivables and VAT output receivable are shown in notes 16 and 8 respectively. All VAT returns have been submitted by the due date throughout the year.			
<b>Pay as You Earn (PAYE)</b>			
Current payroll deductions			
Amount paid current year	3 427 626	3 569 633	3 078 477
<b>Balance unpaid</b>	<b>3 427 626</b>	<b>3 569 633</b>	<b>3 078 477</b>
<b>Unemployment Insurance Fund (UIF)</b>			
Current payroll deductions	207 368	159 277	
Amount paid current year	(207 368)	(148 103)	192 083
<b>Balance unpaid</b>	<b>-</b>	<b>11 174</b>	<b>192 083</b>
<b>Medical Aid</b>			
Current payroll deductions	781 751	454 140	
Amount paid current year	(781 751)	(454 140)	481 048
<b>Balance unpaid</b>	<b>-</b>	<b>(0)</b>	<b>481 048</b>
<b>Pension Fund</b>			
Current payroll deductions	3 954 767	2 579 424	
Amount paid current year	(3 954 767)	(2 579 424)	3 225 193
<b>Balance unpaid</b>	<b>-</b>	<b>0</b>	<b>3 225 193</b>
<p align="center"><b>CERTIFICATION</b>  <b>BY THE MUNICIPAL MANAGER</b>  <b>ON COUNCILLORS' REMUNERATION</b></p> <p>I, <b>Abram Ntshavheni Luruli</b> Municipal Manager, certify that the remuneration of councillors are in accordance with the Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination of the upper limits of the salaries, allowances and benefits as promulgated by Government Gazette 32833, dated 21 December 2009 under Notice number R 1225.</p> <p><b>AN LURULI</b>  <b>MUNICIPAL MANAGER</b></p>			

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

35.  
(continue)

**Disclosure concerning  
councillors**

Section 124(1)(b)

The following councillors had arrear accounts outstanding for more than 90 days as at 30 June 2007:

	Total 30 June 2008	Outstanding less than 90 days	Outstanding more than 90 days	30 June 2009
				-
<b>Total</b>	-	-	-	-

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Highest amount outstanding	Ageing	During 2007
		days	
		days	

No Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2007.

In terms of this section, any arrears by individual councillors to the municipality for rates and services, which at any time during the relevant financial year was outstanding for more than 90 days, including the names of those councillors must be disclosed.

**Section 64(3)**  
**Outstanding consumer  
accounts**  
Government institutions

	Arrear	Current	Outstanding 30 June 2010	Arrear	Current	Outstanding 30 June 2009
Other government institutions			-			-
Department of Public Works (Other)		-	-	-	-	-
Department of Education & Schools	-	-	-	-	-	-
Department of Public Works	-		-	-		-
<b>Total</b>	-	-	-	-	-	-

In terms of the section, National Treasury was informed of the arrear accounts of schools for periods of more than 30 days.



<b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>30 JUNE 2010</b>	
<b>36.</b>	<div style="border: 1px solid black; padding: 10px;"> <p style="text-align: center;"><b>CERTIFICATION AND APPROVAL BY THE ACCOUNTING OFFICER</b></p> <p>I, the undersigned, are responsible for the preparation of these annual financial statements which are set out and,</p> <p>Certify that the remuneration of councillors (as disclosed in note 26) is in accordance with the Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination of the upper limits of the salaries, allowances and benefits as promulgated annually.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;"> <p>_____</p> <p><b>AN LURULI MUNICIPAL MANAGER</b></p> </div> <div style="width: 45%;"> <p>_____</p> <p><b>DATE</b></p> </div> </div> </div>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
	R	R	R
<b>37. INVESTMENT PROPERTY</b>			
Property at cost	-	-	-
Additions	-	-	-
Transferred to PPE	-	-	-
<b>Total</b>	-	-	-

See Note 10C, Appendix B(2) and Appendix C(2)

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

	2010	2009	2008
<b>38. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP</b>			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-			
<b>38.1 Statutory Funds</b>			
<b>Balance previously reported:-</b>			
Capital Development Fund	-	-	-
Township Development Suspense & Land Trust	-	-	-
Loan Redemption Fund	-	-	-
Loans redeemed and other capital receipts	-	-	-
<b>Total</b>	-	-	-
<b>Implementation of GAMAP</b>			
Transferred to Government Grant Reserve	-	-	-
Transferred to Donations and Public Contribution Reserve	-	-	-
Offsetting of depreciation	-	-	-
Difference in nett assets and Zelpy investment	-	-	-
Additions 0607 source of funding grants	-	-	-
Transferred to Capitalisaton Reserve	-	-	-
Transferred to Capital Replacement Reserve	-	-	-
Transferred to Accumulated Surplus (see 38.6 below)	-	-	-
	-	-	-
<b>38.2 Provisions and Reserves</b>			
<b>Balance previously reported:-</b>			
Study donations	-	-	-
Long term long service	-	-	-
Municipal Golf day	-	-	-
Infrastructure	-	-	-
IEC Voters Education	-	-	-
<b>Total</b>	-	-	-
<b>Implementation of GAMAP</b>			
Transferred to Non-current provision: Long Service	-	-	-
Transferred to Accumulated Surplus (see 38.6 below)	-	-	-
	-	-	-
<b>38.3 Property, plant and equipment</b>			
<b>Balance previously reported:-</b>	-	-	-
<b>Implementation of GAMAP</b>			
Previously reported amounts written off that no longer meet the criteria of an asset	-	-	-
Total (debited to Accumulated Surplus) (see 38.6 below)	-	-	-
	-	-	-
<b>38.4 Accumulated Depreciation</b>			
<b>Balance previously reported:-</b>			
<b>Implementation of GAMAP</b>			
Backlog depreciation: Land and buildings	-	-	-
Backlog depreciation: Infrastructure	-	-	-
Backlog depreciation: Community	-	-	-
Backlog depreciation: Other	-	-	-
Total (debited to Accumulated Surplus) (see 38.6 below)	-	-	-
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS			
30 JUNE 2010			
<b>38.5 Current provisions</b>			
Balance previously reported:-	-	-	-
Implementation of GAMAP			
Transferred from Accumulated Surplus	-	-	-
<b>38.6 Accumulated surplus</b>			
Implementation of GAMAP			
Transferred from Statutory Funds (see 38.1 above)	-	-	-
Excessive Provisions and Reserves no longer permitted (see 38.2 above)	-	-	-
Assets not meeting the criteria (see 38.3 above)	-	-	-
Backlog depreciation (see 38.4 above)	-	-	-
Current Provisions (see 38.5 above)	-	-	-
Other adjustments - Appropriations	-	-	-
- Suspense accounts	-	-	-
- Provisions	-	-	-
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS			
30 JUNE 2010			
<b>39. CONTINGENT LIABILITIES</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
A list of possible liability claims where outcome was unknown at year end			
Tshunani Construction CC			812 439
JP (Hannes) du Toit			5 137 758
<b>Total</b>			<b>5 950 197</b>
<b>40. CONTINGENT ASSETS</b>			
A list of possible asset claims where outcome was unknown at year end			
<b>Total</b>			<b>-</b>
<b>41. OPERATING LEASES</b>			
	Total Payment	Interest Portion	
<b>SUNLYN RENTALS (PTY) LTD</b>			
Total 30 June 2009	-		4 671
Total July 2009 to June 2010	16 467		1 900
	-		3 964
<b>Total July 2010</b>	<b>16 467</b>		<b>10 535</b>
<b>TECHNOLOGIES ACCEPTANCE</b>			
Total 30 June 2009	122 119		
Total July 2009 to June 2010	81 602		
<b>Total July 2010</b>	<b>203 721</b>		

**42 RELATED PARTY DISCLOSURES****42.1****PARENT**

Musina Local Municipality is the Parent and ultimate controlling party of Zelpy 1903 Pty Ltd, who owns 100% shareholding in Zelpy 1903 Pty Ltd.

During the current financial year the following expenditure was made in Zelpy 1903 Pty Ltd.

The detail is as follows:

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Expenditure Amount Allocated to Zelpy	<b>3 115 660</b>	<b>2 662 831</b>
Open Edge Tech (Web- site)	272 706	
GD Marketing	561 292	
Auditor General	92 865	
Subsistence & Travel	83 090	
Funds Transfer	1 550 000	
Salaris	507 498	
Eskom	26 251	
creditors	19 179	
Registration	2 780	

Share premium did not increase in Zelpy 1903 Pty Ltd

**DIRECTORS OF ZELPY**

	<b>COMPENSATION</b>	<b>COMPENSATION</b>
	<b>R</b>	<b>R</b>
A. N. LURULI - CEO	-	-
J. DU TOIT - DIRECTOR TECHNICAL -CHAIRPERSON	-	-
T. MOCKE - DIRECTOR FINANCE	-	-

The Directors of Zelpy 1903 Pty Ltd are not receiving any compensation and is appointed on a voluntary basis

**KEY MANAGEMENT PERSONNEL**

LEBOHANG SEBOLA - PROJECT MANAGER	410 400	360 000
MUOFHE MATSHILI - BIOLOGIST	282 500	250 000
RAMUTHIVHELI ELS - SNR ACCOUNTANT	134 369	250 000
	<b>827 269</b>	<b>860 000</b>

## 42.2

## VHEMBE DISTRICT MUNICIPALITY

As Vhembe District Municipality is the Water Services Authority and Musina Local Municipality is the water services provider, however the service level agreement was in dispute and the dispute was lodged with National Treasury for a final decision. The final decision from National Treasury states that all assets should be in the books of Vhembe District Municipality therefore Musina Local Municipality will not include any water transactions or assets in their Annual Financial Statements. The following transactions are involved:

	2010	2009
<b>List of outstanding debtors for :</b>		
Water	7 248 666	6 745 911.00
Water basic	283 614	239 545.07
Sewerage	3 378 554	3 325 784.95
Septic tanks	1 340	623.77
Water new connection	11 664	11 295.36
Total outstanding debtors for 01 July 2009 to 30 June 2010	<b>10 923 839</b>	<b>10 323 160.15</b>
<b>List of all the deposits for :</b>		
Water	1 655 954	1 324 255.08
Sewerage	372 727	331 376.68
Total amount as on 30 June 2010	<b>2 028 681</b>	<b>1 655 631.76</b>
<b>Total billings for the year 01 July 2009 to 30 June 2010 for :</b>		
Water	13 126 512	12 945 123.94
Water basic	232 142	
Sewerage	3 947 114	3 119 486.56
Total amount (excluding vat)	<b>17 305 768</b>	<b>16 064 610.50</b>
<b>Total allocated cash receipts for :</b>		
Water & Sewerage	10 864 512	8 796 832.52
Water connections	138 450	89 518.27
Water prepaid	745 947	985 350.26
	<b>11 748 909</b>	<b>9 871 701.05</b>
Total amount of stock in stores as on 30 June 2010	276 570	2 979 499
Calculation of the amount payable by Vhembe District Municipality to Musina Local Municipality, (Promis votes ledger)	10 867 925	5 253 981
Assets bought 09/10	152 625	833 934
The cost of indigent subsidy for water and sewerage for the financial year ended 1 July 2009 - 30 June 2010	1 624 846	1 620 699
Total provision leave	614 745	373 144
Total provision for bad debt July 2004 - June 2010	4 563 897	4 412 330
Creditors Provision	884 967	64 893
Vhembe agency fee payable by Vhembe District Municipality to Musina Local Municipality 10% of total income	1 151 324	1 149 776
Unmetered Consumption	507 428	42 894

43	INCOME FOREGONE	2010 R	2009 R
	Tiger brands	-	124 032
	Prepaid electricity (power cards)	73 146	26 218
		<u>73 146</u>	<u>150 250</u>

#### 44 ELECTRICITY PRE-PAID POWER CARDS

Value of cards as at 30 June 2010

Bosveld Enterprises	5 830	830
Matshivha's Holdings t/s Tshiambar Action Bar	-	960
Robert Truck shop	-	60
Dhruv Supermarket	180	1 260
Super Spar	15 100	7 930
Engern Petrol Station	1 530	14 510
	<u>22 640</u>	<u>25 550</u>

#### 45 IRREGULAR EXPENDITURE

Due to the cholera outbreak and insurgence of Zimbabwean citizens into Musina, all services rendered to the town were under enormous strain. We were therefore necessitated to use the government grants, for unforeseen expenses

- 4 955 625

Refer to Note 9

46	PENSION BENEFITS	2010	2009
----	------------------	------	------

The Municipality has a defined benefit pension plan and a defined contribution plan for employees.

The defined contribution plan was established for all employees (National Fund for Municipal Workers). The assets of the plan are administered separately from those of the Municipality and are under the control of trustees. Where employees leave the plan prior to full vesting of the contributions, these amounts are the fund value. The total contributions of R2,579,424, which are in terms of the rules of the plan, are included in employee remuneration in note 35.

The defined benefit plan was established for all employees (The South African Local Authorities Pension Fund). The most recent actuarial valuation was undertaken by S Feldman, B.Sc., CFP, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, together with the current and past service cost, was measured using the projected unit credit method.

##### 4.1 Pension Benefits Plan Expense

	R'm	R'm
Current service cost	349	349.19
Interest costs	17	17.18
Expected return on plan assets	(981)	-980.91
Expected return on reimbursement rights	(505)	-505.36
Actuarial (gain)/loss recognised in the year	-	0
(Gain)/loss arising from curtailments or settlements	-	0
Adjustments for restrictions on the defined benefit asset	-	0
Past service cost	156	155.55
<b>Net pension benefit expense</b>	<u>(964)</u>	<u>( 964)</u>



The actuarial value is valid for three years and therefore no previous year figures are shown as the actuarial valuation was done in 2006 and is still valid.

The net pension benefit expense is included in employee remuneration.

#### 4.2 Assumptions for actuarial valuation

	%	%
The assumptions made for the actuarial valuation as at 30 June were as follows: -		
Discount rate		
Expected return on plan assets		
Expected return on reimbursement rights		
Expected future salary increases		
Expected future pension increases		
Other (list)		

#### 4.3 Net Pension Plan Liability

Present value of funded defined benefit obligation (refer 3.4 below)

Fair value of plan assets (refer 3.5 below)		
Present value of unfunded defined benefit obligation[1]		
Deficit		
Unrecognised net actuarial losses/(gains)		
Unrecognised past service cost		
Restrictions on plan assets recognised <sup>1</sup>		
Fair value of reimbursement rights recognised as an asset		
Other (list)		
<b>Net Pension Plan Liability</b>		

#### 4.4 Changes in Funded Defined Benefit Plan Obligation

Changes in the present value of the defined benefit obligation are as follows: -

Balance at beginning of the year		
Current service cost		
Interest on benefit obligation		
Contributions from participants		
Actuarial (gain)/loss recognised		
(Gain)/loss arising from curtailments		
Liability extinguished on settlements		
Benefits paid		
Other (list)		
<b>Balance at end of year</b>		

#### 4.5 Changes in Fair Value of Plan Assets

Changes in the fair value of plan assets are as follows: -

Balance at beginning of year		
Expected return on plan assets		
Actuarial gain/(loss)		
Contributions from Municipality		
Contributions from participants		
Benefits		
Assets distributed on settlements		
Other (list)		
<b>Balance at end of year</b>		

**4.6 Expected Return on Plan Assets**

%

%

Equities  
Bonds  
Properties  
Other (list)

The expected rate of return at the reporting date is based on the weighted average of the plan assets and is based on historical yields and market conditions in the forthcoming twelve months.

The actual return on plan assets was X % (2008: X %)

**4.7 History of Experience Adjustments**

Defined benefit obligation (refer 3.4 above)  
Fair value of plan assets (refer 3.5 above)  
Deficit


Experience adjustments on plan liabilities

Experience adjustments on plan assets

The transitional provisions in IAS 19 have been applied whereby the experience adjustments are only disclosed prospectively from the (2006 or specify) financial period.

**4.8 Municipality's Contribution to Pension Plan**

The Municipality intends to contribute RX to its defined benefit plan in (STATE YEAR).

(Note: There are transitional provisions set out in IAS 19. It is deemed that the effective date for this standard is 1 July 2007 for high capacity municipalities and 1 July 2009 for medium capacity municipalities. The transitional provisions will be for a period of 5 years)

**PENSION BENEFITS (WHERE INFORMATION NOT AVAILABLE DUE TO AGGREGATE EMPLOYER PENSION PLANS)**

Where a Municipality is unable to quantify its pension benefits, it must complete the information in Note 46.

**47 POST- RETIREMENT MEDICAL AID BENEFITS****2010****2009**

The Municipality provides certain post-retirement medical aid benefits to (specify). These medical aid benefits are unfunded.

**5.1 Medical Aid Benefits Expense**

<b>Opening Balance</b>	2 681 439
Current service cost	194 134
Interest cost	237 133
Actual (gain)loss	(213 170)
Past service cost	-
Effect of Curtailment/settlement	-
Expected Employer Benefit Payment	(56 208)
Interest on benefit obligation	
<b>Closing Balance</b>	<b>2 843 328</b>
<b>Projected Accrued Liability</b>	<b>3 056 498</b>

The Medical Aid Benefit expense is included in employee remuneration. Refer to note 35.

**5.2 Assumptions for actuarial valuation**

%

%

The assumptions made for the actuarial valuation as at 30 June were as follows: -

Expected medical aid benefit increases  
Other (list)

A one percentage change in the assumed rate of increase of medical aid benefits would have the following effect:

**2009**

Effect on the current service cost and interest on benefit obligation  
Effect on the defined benefit obligation

**2008**

Effect on the current service cost and interest on benefit obligation  
Effect on the defined benefit obligation

**5.3 Post-retirement Medical Aid Liability**

Present value of funded defined benefit obligation (refer 5.4)

**Net Pension Plan Liability****6.1 Long Service Awards****2010****2009**

The Municipality provides certain long service awards.  
These long service benefits are unfunded

Opening Balance	1 114 437
Current Service Cost	134 866
Interest Cost	95 903
Expected return on plan assets	-
Actual (gain)/loss	52 151
Past service cost	-
Effect of Curtailment/Settlement	-
Expected Employer Benefit Payments	(148 575)
Employer Prefunding Contribution	-
Closing Balance	1 248 782
Projected Accrued Liability	1 196 631

FINANCIAL STATEMENTS: MUSINA LOCAL MUNICIPALITY

<b>APPENDIX A</b> <b>SCHEDULE OF EXTERNAL LOANS</b> <b>as at 30 June 2010</b>								
External Loans		Loan No.	Redeemable	Balance at 30 June 2009	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2010
	%			R	R	R	R	R
<b>LONG TERM LOANS</b>								
(DBSA) MUN BUILDING	12.50%	102905	30/06/2013	446 051	53 000	-	92 163	353 888
(DBSA) REFUSE COMPACTER	11.68%	10068/1	30/06/2011	233 537	24 183	-	110 148	123 389
(DBSA) ROADS 1	11.68%	10068/1	30/06/2011	1 028 172	106 470	-	484 939	543 233
(DBSA) MANAGERS OFFICE PROJECT	11.68%	10068/1	30/06/2011	240 609	24 916	-	113 484	127 125
(DBSA) ROADS 2	11.68%	10068/1	30/06/2011	756 990	78 388	-	357 035	399 955
(DBSA) NEW BUILDING PHASE 1	11.68%	10068/1	30/06/2011	539 573	55 874	-	254 490	285 083
(DBSA) INFRASTRUCTURE	9.73%	102405	30/06/2026	1 434 906	135 242	-	34 611	1 400 295
(DBSA) LESLEY MANHATHELA	9.73%	102405	30/06/2026	863 826	81 417	-	20 836	842 990
(DBSA) MUN BUILDING PHASE 2	9.73%	102405	30/06/2026	6 314 539	616 542	467 567	158 177	6 623 929
(DBSA) WORKSHOP	12.50%	103431	30/06/2016	5 184 247.00	441 310	1 007 332	218 410.78	5 973 169
(BANKFIN) TOYOTA HILUX 2.5D-4D	10.50%	77532299	01/09/2013	106 356.00	9 714	0	21 153	85 203
(BANKFIN) TOYOTA HILUX 2.5D-4D	10.50%	77532345	01/09/2013	106 356.00	9 714	0	21 153	85 203
(BANKFIN) 2008 S.A.M.E EXPLORER 85 SPE	10.50%	77532043	01/09/2013	229 459.00	20 958	0	45 637	183 822
(BANKFIN) 2008 TOYOTA DYNA 7-105 4.5 TO	10.50%	77552362	01/09/2013	204 239.00	18 655	0	40 621	163 618
(BANKFIN) TOYOTA HILUX 2.5D-4D	10.50%	77532310	01/09/2013	106 356.00	9 714	0	21 153	85 203
(BANKFIN) TOYOTA HILUX 4.0 D/C RAI	10.50%	77532213	01/09/2013	260 519.00	16 766	0	34 069	226 450
(BANKFIN) AVESIS 2.0 ADVAN	10.50%	77531802	01/09/2013	184 476.00	16 850	0	36 690	147 786
(BANKFIN) 2008 RCEDES BENZ MO350(W164)	11.00%	77196795	01/06/2013	395 744.00	37 704	0	84 063	311 681
(BANKFIN) 2008 HINO 13-237	10.50%	77552214	01/09/2013	571 030.00	52 157	0	113 273	457 757
(INCA) ELECTRICITY	15.95%	MESS-00-0001-384	30/06/2011	232 561	33 020		107 376	125 185
INTEREST PAID DBSA					232 283			
<b>Total Annuity Loans</b>				<b>19 439 546</b>	<b>2 074 879</b>	<b>1 474 899</b>	<b>2 369 483</b>	<b>18 544 962</b>
Lease Computers		MSNA 0040	08/03/2011	2 190 279		-	1 337 159	853 120
<b>Total External Loans</b>				<b>19 439 546</b>	<b>2 074 879</b>	<b>1 474 899</b>	<b>3 706 642</b>	<b>19 398 082</b>

**APPENDIX B**  
**ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**  
as at 30 June 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value	Budget Additions 2010
	Opening Balance 08/09	Additions/Transfers	Under Construction	Disposals	Closing Balance 09/10	Opening Balance 08/09	Additions/Transfers	Correction on depreciation	Disposals	Closing Balance 09/10		
	R	R	R	R	R	R	R		R	R	R	R
<b>INFRASTRUCTURE</b>	<b>26 358 573</b>	<b>2 175 148</b>	-	-	<b>28 533 720</b>	<b>11 836 241</b>	<b>920 083</b>		-	<b>12 756 324</b>	<b>15 777 396</b>	-
Roads, pavements, bridges & stormwater	11 585 393	551 715	-	-	12 137 108	8 078 566	641 165		-	8 719 731	3 417 377	-
Water reservoirs & reticulation	42 306	-	-	-	42 306	36 152	734		-	36 886	5 420	-
Car parks, bus terminals & taxi ranks	-	-	-	-	-	-	-		-	-	-	-
Electricity reticulation	13 634 606	1 311 494	-	-	14 946 100	3 382 952	146 783		-	3 529 735	11 416 364	-
Sewerage purification & reticulation	300 951	301 989	-	-	602 940	15 785	15 079		-	30 864	572 076	-
Housing	-	-	-	-	-	-	-		-	-	-	-
Street lighting	-	-	-	-	-	-	-		-	-	-	-
Refuse sites	-	-	-	-	-	-	-		-	-	-	-
Railway Lines	355 692	-	-	-	355 692	118 563	11 856		-	130 419	225 273	-
Security Measures	439 624	9 950	-	-	449 574	204 223	104 466		-	308 689	140 885	-
Other (town planning & development)	-	-	-	-	-	-	-		-	-	-	-
<b>COMMUNITY ASSETS</b>	<b>77 263 592</b>	<b>8 910 227</b>	-	<b>4 626 370</b>	<b>81 547 449</b>	<b>5 130 221</b>	<b>993 602</b>		-	<b>6 123 823</b>	<b>75 423 626</b>	-
Buildings	32 033 511	2 221 490	-	-	34 255 001	4 975 668	946 038		-	5 921 706	28 333 294	-
Sport Fields	951 281	5 905 737	-	-	6 857 019	154 553	-		-	154 553	6 702 466	-
Land	44 278 800	783 000	-	4 626 370	40 435 430	-	47 564		-	47 564	40 387 866	-
<b>OTHER ASSETS</b>	<b>16 349 702</b>	<b>(449 746)</b>	-	<b>4 632</b>	<b>15 895 324</b>	<b>9 006 445</b>	<b>1 756 989</b>		-	<b>10 763 434</b>	<b>5 131 890</b>	-
Vehicles	4 581 715	-	-	-	4 581 715	2 150 031	619 748		-	2 769 779	1 811 936	-
Plant & equipment	1 962 385	275 251	-	-	2 237 636	990 526	298 070		-	1 288 596	949 040	-
Office equipment	6 474 219	(938 600)	-	-	5 535 619	3 643 147	592 663		-	4 235 810	1 299 809	-
Bins and Containers	1 463 110	-	-	-	1 463 110	1 463 110	48 770		-	1 511 880	(48 770)	-
Furniture and Fittings	1 839 915	202 906	-	4 632	2 038 189	752 811	189 964		-	942 775	1 095 414	-
Car Port	8 494	-	-	-	8 494	1 867	1 699		-	3 566	4 928	-
Emergency Equipment	17 522	10 697	-	-	28 219	4 395	5 607		-	10 002	18 216	-
Truvello Radar	2 342	-	-	-	2 342	558	468		-	1 026	1 316	-
<b>TOTAL</b>	<b>119 971 867</b>	<b>10 635 629</b>	-	<b>4 631 002</b>	<b>125 976 494</b>	<b>25 972 907</b>	<b>3 670 675</b>		-	<b>29 643 582</b>	<b>96 332 912</b>	-

**APPENDIX B (1)**  
**ANALYSIS OF INTANGIBLE ASSETS**  
as at 30 June 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2010
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance 09/10	Opening Balance 08/09	Additions/Transfers	Disposals	Closing Balance 09/10		
	R	R	R	R	R	R	R	R	R	R	R
<b>INFRASTRUCTURE</b>	-	-	-	-	-	-	-	-	-	-	-
Roads, pavements, bridges & stormwater	-	-	-	-	-	-	-	-	-	-	-
Water reservoirs & reticulation	-	-	-	-	-	-	-	-	-	-	-
Car parks, bus terminals & taxi ranks	-	-	-	-	-	-	-	-	-	-	-
Electricity reticulation	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification & reticulation	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-
Refuse sites	-	-	-	-	-	-	-	-	-	-	-
Railway Lines	-	-	-	-	-	-	-	-	-	-	-
Security Measures	-	-	-	-	-	-	-	-	-	-	-
Other (town planning & development)	-	-	-	-	-	-	-	-	-	-	-
<b>COMMUNITY ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
Sport Fields	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER ASSETS</b>	-	700	-	-	700	138	187	-	325	375	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	700	-	-	700	138	187	-	325	375	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	-	-	-	-	-	-	-	-	-	-	-
Car Port	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-
Truvello Radar	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	700	-	-	700	138	187	-	325	375	-

**APPENDIX B (2)**  
**ANALYSIS OF INVESTMENT ASSETS**  
as at 30 June 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION					
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance 09/10	Opening Balance 08/09	Additions/Transfers	Disposals	Closing Balance 09/10	Carrying Value	Budget Additions 2010
	R	R	R	R	R	R	R	R	R	R	R
<b>INFRASTRUCTURE</b>	-	-	-	-	-	-	-	-	-	-	-
Roads, pavements, bridges & stormwater	-	-	-	-	-	-	-	-	-	-	-
Water reservoirs & reticulation	-	-	-	-	-	-	-	-	-	-	-
Car parks, bus terminals & taxi ranks	-	-	-	-	-	-	-	-	-	-	-
Electricity reticulation	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification & reticulation	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-
Refuse sites	-	-	-	-	-	-	-	-	-	-	-
Railway Lines	-	-	-	-	-	-	-	-	-	-	-
Security Measures	-	-	-	-	-	-	-	-	-	-	-
Other (town planning & development)	-	-	-	-	-	-	-	-	-	-	-
<b>COMMUNITY ASSETS</b>	-	49 530 850	-	14 042 850	35 488 000	-	-	-	-	35 488 000	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
Sport Fields	-	-	-	-	-	-	-	-	-	-	-
Land	-	49 530 850	-	14 042 850	35 488 000	-	-	-	-	35 488 000	-
<b>OTHER ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	-	-	-	-	-	-	-	-	-	-	-
Car Port	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-
Truvello Radar	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	49 530 850	-	14 042 850	35 488 000	-	-	-	-	35 488 000	-

**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**  
as at 30 June 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value	Budget Additions 2010
	Opening Balance 08/09	Additions/Transfers	Under Construction	Disposals	Closing Balance 09/10	Opening Balance 08/09	Additions/Transfers		Disposals	Closing Balance 09/10		
	R	R	R	R	R	R	R	R	R	R		R
<b>EXECUTIVE COUNCIL</b>	<b>2 124 292</b>	<b>6 229</b>	-	<b>109</b>	<b>2 130 412</b>	<b>713 477</b>	<b>353 286</b>		-	<b>1 066 763</b>	<b>1 063 648</b>	-
Executive Council	2 124 292	6 229	-	109	2 130 412	713 477	353 286		-	1 066 763	1 063 648	-
<b>FINANCE &amp; ADMINISTRATION</b>	<b>51 010 808</b>	<b>8 433 648</b>	-	-	<b>59 444 456</b>	<b>17 952 591</b>	<b>2 570 766</b>		-	<b>20 523 357</b>	<b>38 921 099</b>	-
Finance	2 963 586	344 700	-	-	3 308 286	2 226 867	242 689		-	2 469 556	838 730	-
Information technology	3 408 068	(968 208)	-	-	2 439 860	822 109	541 964		-	1 364 073	1 075 787	-
Human resources	16 925	-	-	-	16 925	9 067	2 936		-	12 003	4 921	-
Property services	-	-	-	-	-	-	-		-	-	-	-
Admin Services	236 287	-	-	-	236 287	208 846	6 157		-	215 003	21 284	-
Legal Services	10 934	-	-	-	10 934	3 062	1 645		-	4 707	6 227	-
Municipal Buildings	29 183 513	8 217 793	-	-	37 401 306	4 121 289	927 825		-	5 049 114	32 352 192	-
Municipal Manager	214 686	5 874	-	-	220 560	86 298	17 194		-	103 492	117 068	-
Public Services	13 564 907	833 489	-	-	14 398 396	9 349 769	713 285		-	10 063 054	4 335 342	-
Stores	3 850	-	-	-	3 850	2 446	14		-	2 460	1 390	-
Technical Services	394 027	-	-	-	394 027	250 334	43 238		-	293 572	100 455	-
Workshop	1 014 025	-	-	-	1 014 025	872 504	73 818		-	946 322	67 704	-
Other & admin	-	-	-	-	-	-	-		-	-	-	-
<b>PLANNING &amp; DEVELOPMENT</b>	<b>46 146 134</b>	<b>783 000</b>	-	<b>4 626 370</b>	<b>42 302 764</b>	<b>62 244</b>	-		-	<b>62 244</b>	<b>42 240 520</b>	-
Estates & Pound	46 146 134	783 000	-	4 626 370	42 302 764	62 244	-		-	62 244	42 240 520	-
Planning & development	-	-	-	-	-	-	-		-	-	-	-
<b>ROAD TRANSPORT</b>	-	-	-	-	-	-	-		-	-	-	-
Vehicle licensing & testing	-	-	-	-	-	-	-		-	-	-	-
Roads & stormwater	-	-	-	-	-	-	-		-	-	-	-
Roads other	-	-	-	-	-	-	-		-	-	-	-
<b>HEALTH</b>	<b>170 728</b>	-	-	<b>4 383</b>	<b>166 345</b>	<b>124 436</b>	<b>12 561</b>		-	<b>136 997</b>	<b>29 348</b>	-
Clinics	-	-	-	-	-	-	-		-	-	-	-
Pollution Control	82 930	-	-	-	82 930	61 950	5 757		-	67 707	15 223	-
Health	87 798	-	-	4 383	83 415	62 486	6 804		-	69 290	14 125	-
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	<b>238 341</b>	-	-	-	<b>238 341</b>	<b>193 980</b>	<b>9 239</b>		-	<b>203 219</b>	<b>35 122</b>	-
Libraries & archives	111 503	-	-	-	111 503	79 894	6 381		-	86 275	25 228	-
Community halls & facilities	-	-	-	-	-	-	-		-	-	-	-
Tourism	31 413	-	-	-	31 413	18 661	2 858		-	21 519	9 894	-
Cemeteries & crematoriums	95 425	-	-	-	95 425	95 425	-		-	95 425	(0)	-
<b>PUBLIC SAFETY</b>	<b>790 356</b>	<b>80 871</b>	-	<b>141</b>	<b>871 086</b>	<b>372 806</b>	<b>130 589</b>		-	<b>503 395</b>	<b>367 692</b>	-
Fire	-	-	-	-	-	-	-		-	-	-	-
Traffic	790 356	80 871	-	141	871 086	372 806	130 589		-	503 395	367 692	-
<b>PARKS &amp; RECREATION</b>	<b>1 115 273</b>	<b>20 388</b>	-	-	<b>1 135 661</b>	<b>304 918</b>	<b>52 639</b>		-	<b>357 557</b>	<b>778 104</b>	-
Parks & recreation	1 115 273	20 388	-	-	1 135 661	304 918	52 639		-	357 557	778 104	-
<b>WASTE WATER MANAGEMENT</b>	-	-	-	-	-	-	-		-	-	-	-
Sewerage	-	-	-	-	-	-	-		-	-	-	-
Public toilets	-	-	-	-	-	-	-		-	-	-	-
<b>WASTE MANAGEMENT</b>	<b>2 162 692</b>	-	-	-	<b>2 162 692</b>	<b>2 046 167</b>	<b>76 125</b>		-	<b>2 122 292</b>	<b>40 400</b>	-
Solid waste	2 162 692	-	-	-	2 162 692	2 046 167	76 125		-	2 122 292	40 400	-
<b>HOUSING</b>	-	-	-	-	-	-	-		-	-	-	-
Housing	-	-	-	-	-	-	-		-	-	-	-
<b>WATER</b>	-	-	-	-	-	-	-		-	-	-	-
Water distribution	-	-	-	-	-	-	-		-	-	-	-
Water storage	-	-	-	-	-	-	-		-	-	-	-
<b>ELECTRICITY</b>	<b>16 213 243</b>	<b>1 311 494</b>	-	-	<b>17 524 737</b>	<b>4 202 288</b>	<b>465 470</b>		-	<b>4 667 758</b>	<b>12 856 978</b>	-
Electricity distribution	16 213 243	1 311 494	-	-	17 524 737	4 202 288	465 470		-	4 667 758	12 856 978	-
Street lighting	-	-	-	-	-	-	-		-	-	-	-
<b>TOTAL</b>	<b>119 971 867</b>	<b>10 635 629</b>	-	<b>4 631 002</b>	<b>125 976 494</b>	<b>25 972 907</b>	<b>3 670 675</b>		-	<b>29 643 582</b>	<b>96 332 912</b>	-



**APPENDIX C**  
**SEGMENTAL ANALYSIS OF INTANGIBLE ASSETS**  
as at 30 June 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2010
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance 09/10	Opening Balance 08/09	Additions/Transfers	Disposals	Closing Balance 09/10		
	R	R	R	R	R	R	R	R	R	R	R
<b>EXECUTIVE COUNCIL</b>	-	-	-	-	-	-	-	-	-	-	-
Executive Council	-	-	-	-	-	-	-	-	-	-	-
<b>FINANCE &amp; ADMINISTRATION</b>	-	700	-	-	700	562	187	-	375	325	-
Finance	-	-	-	-	-	-	-	-	-	-	-
Information technology	-	700	-	-	700	562	187	-	375	325	-
Human resources	-	-	-	-	-	-	-	-	-	-	-
Property services	-	-	-	-	-	-	-	-	-	-	-
Admin Services	-	-	-	-	-	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-	-	-	-	-	-
Municipal Buildings	-	-	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-	-	-
Public Services	-	-	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-	-	-
Technical Services	-	-	-	-	-	-	-	-	-	-	-
Workshop	-	-	-	-	-	-	-	-	-	-	-
Other & admin	-	-	-	-	-	-	-	-	-	-	-
<b>PLANNING &amp; DEVELOPMENT</b>	-	-	-	-	-	-	-	-	-	-	-
Estates & Pound	-	-	-	-	-	-	-	-	-	-	-
Planning & development	-	-	-	-	-	-	-	-	-	-	-
<b>ROAD TRANSPORT</b>	-	-	-	-	-	-	-	-	-	-	-
Vehicle licensing & testing	-	-	-	-	-	-	-	-	-	-	-
Roads & stormwater	-	-	-	-	-	-	-	-	-	-	-
Roads other	-	-	-	-	-	-	-	-	-	-	-
<b>HEALTH</b>	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-
Pollution Control	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	-	-	-	-	-	-	-	-	-	-	-
Libraries & archives	-	-	-	-	-	-	-	-	-	-	-
Community halls & facilities	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-	-	-
Cemeteries & crematoriums	-	-	-	-	-	-	-	-	-	-	-
<b>PUBLIC SAFETY</b>	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-
Traffic	-	-	-	-	-	-	-	-	-	-	-
<b>PARKS &amp; RECREATION</b>	-	-	-	-	-	-	-	-	-	-	-
Parks & recreation	-	-	-	-	-	-	-	-	-	-	-
<b>WASTE WATER MANAGEMENT</b>	-	-	-	-	-	-	-	-	-	-	-
Sewerage	-	-	-	-	-	-	-	-	-	-	-
Public toilets	-	-	-	-	-	-	-	-	-	-	-
<b>WASTE MANAGEMENT</b>	-	-	-	-	-	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-	-	-	-	-	-
<b>HOUSING</b>	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
<b>WATER</b>	-	-	-	-	-	-	-	-	-	-	-
Water distribution	-	-	-	-	-	-	-	-	-	-	-
Water storage	-	-	-	-	-	-	-	-	-	-	-
<b>ELECTRICITY</b>	-	-	-	-	-	-	-	-	-	-	-
Electricity distribution	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	700	-	-	700	562	187	-	375	325	-

APPENDIX C  
SEGMENTAL ANALYSIS OF INVESTMENT ASSETS  
as at 30 June 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION						
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance 09/10	Opening Balance 08/09	Additions/Transfers	Disposals	Closing Balance 09/10	Carrying Value	Budget Additions 2010	
	R	R		R	R	R	R	R	R	R	R	
EXECUTIVE COUNCIL	-	-	-	-	-	-	-	-	-	-	-	
Executive Council	-	-	-	-	-	-	-	-	-	-	-	
FINANCE & ADMINISTRATION	-	-	-	-	-	-	-	-	-	-	-	
Finance	-	-	-	-	-	-	-	-	-	-	-	
Information technology	-	-	-	-	-	-	-	-	-	-	-	
Human resources	-	-	-	-	-	-	-	-	-	-	-	
Property services	-	-	-	-	-	-	-	-	-	-	-	
Admin Services	-	-	-	-	-	-	-	-	-	-	-	
Legal Services	-	-	-	-	-	-	-	-	-	-	-	
Municipal Buildings	-	-	-	-	-	-	-	-	-	-	-	
Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	
Public Services	-	-	-	-	-	-	-	-	-	-	-	
Stores	-	-	-	-	-	-	-	-	-	-	-	
Technical Services	-	-	-	-	-	-	-	-	-	-	-	
Workshop	-	-	-	-	-	-	-	-	-	-	-	
Other & admin	-	-	-	-	-	-	-	-	-	-	-	
PLANNING & DEVELOPMENT	-	49 530 850	-	14 042 850	35 488 000	-	-	-	-	35 488 000	-	
Estates & Pound	-	49 530 850	-	14 042 850	35 488 000	-	-	-	-	35 488 000	-	
Planning & development	-	-	-	-	-	-	-	-	-	-	-	
ROAD TRANSPORT	-	-	-	-	-	-	-	-	-	-	-	
Vehicle licensing & testing	-	-	-	-	-	-	-	-	-	-	-	
Roads & stormwater	-	-	-	-	-	-	-	-	-	-	-	
Roads other	-	-	-	-	-	-	-	-	-	-	-	
HEALTH	-	-	-	-	-	-	-	-	-	-	-	
Clinics	-	-	-	-	-	-	-	-	-	-	-	
Pollution Control	-	-	-	-	-	-	-	-	-	-	-	
Health	-	-	-	-	-	-	-	-	-	-	-	
COMMUNITY & SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	
Libraries & archives	-	-	-	-	-	-	-	-	-	-	-	
Community halls & facilities	-	-	-	-	-	-	-	-	-	-	-	
Tourism	-	-	-	-	-	-	-	-	-	-	-	
Cemeteries & crematoriums	-	-	-	-	-	-	-	-	-	-	-	
PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-	-	
Fire	-	-	-	-	-	-	-	-	-	-	-	
Traffic	-	-	-	-	-	-	-	-	-	-	-	
PARKS & RECREATION	-	-	-	-	-	-	-	-	-	-	-	
Parks & recreation	-	-	-	-	-	-	-	-	-	-	-	
WASTE WATER MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	
Sewerage	-	-	-	-	-	-	-	-	-	-	-	
Public toilets	-	-	-	-	-	-	-	-	-	-	-	
WASTE MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	
Solid waste	-	-	-	-	-	-	-	-	-	-	-	
HOUSING	-	-	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	-	-	
WATER	-	-	-	-	-	-	-	-	-	-	-	
Water distribution	-	-	-	-	-	-	-	-	-	-	-	
Water storage	-	-	-	-	-	-	-	-	-	-	-	
ELECTRICITY	-	-	-	-	-	-	-	-	-	-	-	
Electricity distribution	-	-	-	-	-	-	-	-	-	-	-	
Street lighting	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	-	49 530 850	-	14 042 850	35 488 000	-	-	-	-	35 488 000	-	

**APPENDIX D**  
**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2010

	2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)		2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)
	R	R	R		R	R	R
<b>Executive &amp; Council</b>	<b>102 680 381</b>	<b>25 310 143</b>	<b>77 370 237</b>	<b>Executive &amp; Council</b>	<b>10 624 314</b>	<b>37 429 263</b>	<b>(26 804 949)</b>
Executive & Council	102 680 381	25 310 143	77 370 237	Executive & Council	10 624 314	37 429 263	(26 804 949)
<b>Finance &amp; Admin</b>	<b>22 940 199</b>	<b>25 168 797</b>	<b>(2 228 598)</b>	<b>Finance &amp; Admin</b>	<b>23 962 274</b>	<b>22 981 783</b>	<b>980 490</b>
Finance	17 387 087	16 800 681	586 406	Finance	23 227 274	14 694 885	8 532 389
Human Resources	-	782 301	(782 301)	Human Resources	-	540 966	(540 966)
Information Technology	735 000	2 053 427	(1 318 427)	Information Technology	735 000	3 039 539	(2 304 539)
Property Services	4 485 112	973 920	3 511 192	Property Services	-	1 854 123	(1 854 123)
Other Admin	333 000	4 558 469	(4 225 469)	Other Admin	-	2 852 271	(2 852 271)
<b>Planning &amp; Development</b>	<b>-</b>	<b>1 647 612</b>	<b>(1 647 612)</b>	<b>Planning &amp; Development</b>	<b>-</b>	<b>1 681 201</b>	<b>(1 681 201)</b>
Town Engineer	-	1 369 436	(1 369 436)	Town Engineer	-	1 183 343	(1 183 343)
Workshop	-	351	(351)	Workshop	-	2 447	(2 447)
LED	-	230 486	(230 486)	LED	-	433 406	(433 406)
IDP	-	47 338	(47 338)	IDP	-	62 005	(62 005)
<b>Health</b>	<b>-</b>	<b>145 531</b>	<b>(145 531)</b>	<b>Health</b>	<b>-</b>	<b>21 276</b>	<b>(21 276)</b>
Clinics	-	-	-	Clinics	-	-	-
Health Other	-	145 531	(145 531)	Health Other	-	21 276	(21 276)
<b>Community Services</b>	<b>106 135</b>	<b>888 593</b>	<b>(782 458)</b>	<b>Community Services</b>	<b>112 244</b>	<b>701 434</b>	<b>(589 190)</b>
Libraries	11 747	302 029	(290 281)	Libraries	7 621	190 587	(182 965)
Tourism - Art & Culture	-	403 743	(403 743)	Tourism - Art & Culture	-	312 055	(312 055)
Disaster Management	-	4 850	(4 850)	Disaster Management	-	5 203	(5 203)
Cemeteries	94 388	177 972	(83 584)	Cemeteries	104 623	193 589	(88 967)
<b>Housing</b>	<b>-</b>	<b>8 241</b>	<b>(8 241)</b>	<b>Housing</b>	<b>-</b>	<b>697</b>	<b>(697)</b>
Housing	-	8 241	(8 241)	Housing	-	697	(697)
<b>Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fire Services	-	-	-	Fire Services	-	-	-
Traffic	-	-	-	Traffic	-	-	-

**APPENDIX D**  
**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2010

	2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)		2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)
	R	R	R		R	R	R
<b>Parks &amp; Recreation</b>	<b>-</b>	<b>2 621 620</b>	<b>(2 621 620)</b>	<b>Parks &amp; Recreation</b>	<b>-</b>	<b>2 486 225</b>	<b>(2 486 225)</b>
Parks & Recreation	-	2 621 620	(2 621 620)	Parks & Recreation	-	2 486 225	(2 486 225)
<b>Waste Management</b>	<b>4 232 136</b>	<b>6 925 742</b>	<b>(2 693 606)</b>	<b>Waste Management</b>	<b>5 016 918</b>	<b>5 688 056</b>	<b>(671 138)</b>
Sewerage	-	-	-	Sewerage	-	-	-
Public Toilets	-	-	-	Public Toilets	-	-	-
Refuse Removal (Solid Waste)	4 232 136	6 925 742	(2 693 606)	Refuse Removal (Solid Waste)	5 016 918	5 688 056	(671 138)
<b>Roads Transport</b>	<b>3 625 862</b>	<b>7 316 177</b>	<b>(3 690 315)</b>	<b>Roads Transport</b>	<b>15 294 467</b>	<b>8 906 691</b>	<b>6 387 776</b>
Public services	898 981	3 652 519	(2 753 538)	Public services	12 491 575	4 396 568	8 095 008
Vehicle Licenses & Traffic	2 726 881	3 663 658	(936 777)	Vehicle Licenses & Traffic	2 802 892	4 510 124	(1 707 232)
Transport Other	-	-	-	Transport Other	-	-	-
<b>Water</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Water</b>	<b>-</b>	<b>-</b>	<b>-</b>
Water Distribution	-	-	-	Water Distribution	-	-	-
Water Purification	-	-	-	Water Purification	-	-	-
<b>Electricity</b>	<b>32 451 972</b>	<b>21 447 325</b>	<b>11 004 647</b>	<b>Electricity</b>	<b>41 058 500</b>	<b>33 704 714</b>	<b>7 353 786</b>
Electricity Distribution	32 451 972	21 447 325	11 004 647	Electricity Distribution	41 058 500	33 704 714	7 353 786
Street Lighting	-	-	-	Street Lighting	-	-	-
<b>Sub-Total</b>	<b>166 036 685</b>	<b>91 479 782</b>	<b>74 556 904</b>	<b>Sub-Total</b>	<b>96 068 717</b>	<b>113 601 341</b>	<b>(17 532 624)</b>
Less: Inter-Departmental Charges	-	-	-	Less: Inter-Departmental Charges	-	-	-
<b>Total</b>	<b>166 036 685</b>	<b>91 479 782</b>	<b>74 556 904</b>	<b>Total</b>	<b>96 068 717</b>	<b>113 601 341</b>	<b>(17 532 624)</b>

**APPENDIX E (1)**  
**ACTUAL OPERATING VERSUS BUDGET**  
for the year ended 30 June 2010

	<b>2010 Actual R</b>	<b>2010 Budget R</b>	<b>2010 Variance R</b>	<b>2010 Variance %</b>	<b>Explanations of significant variances greater than 10% versus budget</b>
<b>REVENUE</b>					
Property rates	9 457 596	10 677 702	(1 220 106)	(11.43)	Less Collected
Service charges : Electricity	40 362 883	27 815 144	12 547 739	45.11	Tariff increase
Unmetered Consumptions	695 617	-	-	-	
Refuse removal	5 016 918	3 975 169	1 041 749	26.21	Collected more
Rental of facilities and equipment	226 443	157 860	68 583	43.45	Collected more
Interest earned – external investments	67 228	210 800	(143 572)	(68.11)	Decreased interest rate
Interest earned – outstanding debtors	799 678	1 250 000	(450 322)	(36.03)	Decreased interest rate
Fines	444 496	3 000 000	(2 555 504)	(85.18)	Lack of staff
Licensing & permits	2 343 577	2 000 000	343 577	17.18	More Applications
Revenue for agency services	-	1 500 000	(1 500 000)	(100.00)	Dispute with Vhembe
Government grants & subsidies – operating	23 424 330	23 424 000	330	0.00	
Government grants & subsidies – capital	5 905 737	12 165 000	(6 259 263)	(51.45)	Unspend portion 2010/2011
Unspent grant revenue	5 496 263	-	-	-	
Other revenue	1 044 953	11 371 773	(10 326 820)	(90.81)	Sale of stands not realized in 09/10 only 10/11
Gains on disposal of property, plant & equipment	783 000	-	783 000	-	Addision of stands on PPE
<b>Total Revenue</b>	<b>96 068 717</b>	<b>97 547 448</b>	<b>(7 670 610)</b>	<b>(7.86)</b>	

**APPENDIX E (1)**  
**ACTUAL OPERATING VERSUS BUDGET**  
for the year ended 30 June 2010

	<b>2010 Actual R</b>	<b>2010 Budget R</b>	<b>2010 Variance R</b>	<b>2010 Variance %</b>	<b>Explanations of significant variances greater than 10% versus budget</b>
<b>EXPENDITURE</b>					
Employee related costs	25 481 359	25 481 386	(27)	(0.00)	
Remuneration of councillors	2 938 625	2 938 627	(2)	(0.00)	
Bad debts	58 521	58 521	(0)	(0.00)	
Collection costs	52 604	52 604	0	0.00	
Depreciation	3 670 862	2 736 394	934 468	34.15	Not a cash transaction
Repairs & maintenance	4 813 936	4 813 936	(0)	(0.00)	
Interest of external borrowings	2 074 879	2 074 882	(3)	(0.00)	
Bulk purchases : Electricity	27 992 230	25 764 528	2 227 702	8.65	
Water	-	-	-	-	
Amortisation	-	-	-	-	
Contracted services	2 711 938	2 711 937	1	0.00	
Grants & subsidies paid	3 485 000	3 485 000	-	-	
General expenses	19 345 532	19 470 932	(125 400)	(0.64)	
Impairment of Zelpy	-	-	-	-	
Loss on disposal of property, plant & equipment	18 673 852	-	18 673 852	-	
Provision Enviromental	486 927	-	-	-	
Contributions to/(transfers from) provisions	1 815 076	965 519	849 557	87.99	Leave calculation corrected
<b>Total Expenditure</b>	<b>113 601 341</b>	<b>90 554 266</b>	<b>22 560 148</b>	<b>24.91</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(17 532 624)</b>	<b>6 993 182</b>	<b>(30 230 759)</b>	<b>(432.29)</b>	

**APPENDIX E (1)a**  
**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**  
for the year ended 30 June 2010

	Original Budget	Budget Adjustment	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
				R	R			%	
<b>REVENUE</b>									
Property rates	10 754 475	10 754 475	-	10 677 702	9 457 596			89%	88%
Service charges : Electricity	27 815 144	27 815 144	-	27 815 144	40 362 883			145%	145%
Unmetered Consumptions			-		695 617				
Refuse removal	3 975 169	3 975 169	-	3 975 169	5 016 918			126%	126%
Rental of facilities and equipment	185 139	157 860	27 279	157 860	226 443			143%	122%
Interest earned – external investments	210 800	210 800	-	210 800	67 228			32%	32%
Interest earned – outstanding debtors	1 317 500	1 250 000	67 500	1 250 000	799 678			64%	61%
Fines	3 000 000	3 000 000	-	3 000 000	444 496			15%	15%
Licensing & permits	2 000 000	2 000 000	-	2 000 000	2 343 577			117%	117%
Revenue for agency services	1 500 000	1 500 000	-	1 500 000	-			0%	0%
Government grants & subsidies – operating	22 363 000	23 074 000	(711 000)	23 424 000	23 424 330			100%	105%
Government grants & subsidies – capital	7 165 000	7 165 000	-	12 165 000	5 905 737			49%	82%
Unspent grant revenue			-		5 496 263				
Other revenue	35 019 171	11 087 806	23 931 365	11 371 773	1 044 953			9%	3%
Gains on disposal of property, plant & equipment			-		783 000				
<b>Total Revenue</b>	<b>115 305 398</b>	<b>81 926 412</b>	<b>33 378 986</b>	<b>97 547 448</b>	<b>96 068 717</b>			<b>98.48</b>	<b>83%</b>

**APPENDIX E (1)a**  
**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**  
for the year ended 30 June 2010

	Original Budget	Budget Adjustment	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
				R	R			%	
<b>EXPENDITURE</b>									
Employee related costs	35 869 657	35 144 564.00	725 093	25 481 386	25 481 359			100%	71%
Remuneration of councillors	2 712 599	2 712 599.00	-	2 938 627	2 938 625			100%	108%
Bad debts	100 000	100 000.00	-	58 521	58 521			100%	59%
Collection costs		0.00	-	52 604	52 604			100%	
Depreciation	2 746 728	2746728	-	2 736 394	3 670 862	(934 468)	34%	134%	134%
Repairs & maintenance	5 478 098	4 816 444.00	661 654	4 813 936	4 813 936			100%	88%
Interest of external borrowings	3 051 478	3 051 478.00	-	2 074 882	2 074 879			100%	68%
Bulk purchases : Electricity	16 435 531	17 210 800.00	(775 269)	25 764 528	27 992 230	(2 227 702)	9%	109%	170%
Contracted services	2 500 000	2 500 000.00	-	2 711 937	2 711 938			100%	108%
Grants & subsidies paid			-	3 485 000	3 485 000			100%	
General expenses	27 129 954	20 801 570.00	6 328 384	19 470 932	19 345 532			99%	71%
Loss on disposal of property, plant & equipment		0	-		18 673 852	(18 673 852)			
Provision Environmental		0	-		486 927	(486 927)			
Contributions to/(transfers from) provisions	1 858 701	1 358 701.00	500 000	965 519	1 815 076	(849 557)	88%	188%	98%
<b>Total Expenditure</b>	<b>97882746</b>	<b>90 442 884.00</b>		<b>90 554 266</b>	<b>113 601 341</b>	<b>(23 172 506)</b>	<b>1</b>	<b>125%</b>	<b>116%</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>17 422 652</b>	<b>(8 516 472)</b>	<b>33 378 986</b>	<b>6 993 182</b>	<b>(17 532 624)</b>			<b>-251%</b>	<b>-101%</b>

**APPENDIX E (2)**  
**ACTUAL CAPITAL VERSUS BUDGET**  
**Acquisition of Property, Plant and Equipment**  
**for the year ended 30 June 2010**

	2010 Actual R	2010 Under Construction R	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanations of significant variances greater than 5% versus budget
<b>EXECUTIVE &amp; COUNCIL</b>	<b>6 229</b>	-	<b>6 229</b>	<b>6 229</b>	<b>(0)</b>	<b>(0.00)</b>	
Executive & Council	6 229	-	6 229	6 229	(0)	(0.00)	
<b>FINANCE &amp; ADMINISTRATION</b>	<b>8 434 348</b>	-	<b>8 434 348</b>	<b>9 166 740</b>	<b>(732 392)</b>	<b>(7.99)</b>	
Property Services	8 434 348	-	8 434 348	9 166 740	(732 392)	(7.99)	
<b>WASTE MANAGEMENT</b>	-	-	-	-	-	-	
Refuse	-	-	-	-	-	-	
<b>PUBLIC SAFETY</b>	<b>80 871</b>	-	<b>80 871</b>	<b>80 871</b>	<b>0</b>	<b>0.00</b>	
Traffic	80 871	-	80 871	80 871	0	0.00	
<b>PARKS RECREATION</b>	<b>20 388</b>	-	<b>20 388</b>	<b>20 388</b>	<b>0</b>	<b>0.00</b>	
Parks & Recreation	20 388	-	20 388	20 388	0	0.00	
<b>ELECTRICITY</b>	<b>1 311 494</b>	-	<b>1 311 494</b>	<b>1 743 000</b>	<b>(431 506)</b>	<b>(24.76)</b>	
Electricity Distribution	1 311 494	-	1 311 494	1 743 000	(431 506)	(24.76)	
Street Lighting	-	-	-	-	-	-	
<b>TOTAL</b>	<b>9 853 329</b>	-	<b>9 853 329</b>	<b>11 017 228</b>	<b>(1 163 898)</b>	<b>(10.56)</b>	
Health Other	-	-	-	-	-	-	

**APPENDIX F**  
**DISCLOSURE OF GRANTS AND SUBSIDIES**  
as at 30 June 2010

**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Name of Grants		Quarterly receipts					Quarterly Expenditure for the Year					Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sep	Dec	March	June	Total	Sep	Dec	March	June	Total					
Equitable Share	DPLG	7 865 911	6 292 665	5 430 754	-	19 589 330	-	-	-	-	-	-	19 589 330		Yes / No	
Municipal Systems Improvement Grant	DPLG	735 000	-	-	-	735 000	133 726	56 206	197 192	347 877	735 000	-	735 000			
MIG Grants	DPLG	2 640 000	3 260 000	2 622 000	2 880 000	11 402 000	2 640 000	3 260 000	2 622	-	5 902 622	-	11 402 000			
Humanitarian Relief Grant	DPLG	-	-	350 000	-	350 000	-	-	-	350 000	350 000	-	350 000			
Financial Management Grant	National Treasury Dept of Energy & Min	2 750 000	-	-	-	2 750 000	68 054	223 928	687 500	979 482	1 958 964	-	2 750 000			
Intergrated National Electrification Grant		300 000	-	-	-	-	-	-	-	-	-	-	-			
		14 290 911	9 552 665	8 402 754	2 880 000	34 826 330	2 841 780	3 540 134	887 314	1 677 359	8 946 586	-	34 826 330			